# Daily Report

# Latin America

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17 November 1993

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## Latin America

*FBIS-LAT-93-220* *17 November 1993*

CONTENTS

**NOTICE TO READERS:** An * indicates material not disseminated in electronic form.
An Ω indicates a Foreign Media Note.

**INTERNATIONAL AFFAIRS**

EC, Caribbean Officials Hold Cooperation Meeting *[CANA]* ..... 1
Ω Quebec Views Latin American Market *[Montreal LE DEVOIR 18 Oct]* ..... 1

**CARIBBEAN**

**Cuba**

PRC President Jiang Zemin To Visit 'Soon' *[Havana Radio]* ..... 3
ANPP Vice President Meets With Zhang Boxing *[Havana Radio]* ..... 3
Zhang Praises Health System *[Havana Radio]* ..... 3
Robaina Meets With Barbadian Leaders *[Havana Radio]* ..... 3
Lazo, Palmero Visit Havana Research Center *[Havana TV]* ..... 3
Envoy Optimistic U.S. To Lift Sanctions *[Tehran IRNA]* ..... 4
Yemeni Condemnation of Torricelli Law Noted *[Havana Radio]* ..... 4
Diplomat Reelected to UN Advisory Board *[Havana Radio]* ..... 4
Radio Rebelde Planning New Call-In Program *[Havana Radio]* ..... 4
Roundup of Economic Activities 10-15 Nov *[Havana Radio, TV]* ..... 5
Elimination of Excess Currency Discussed *[Havana Radio]* ..... 6
Commentary Calls for Understanding, Faith *[Havana Radio]* ..... 8
* Juan Contino Challenges Youth in Hard Times *[JUVENTUD REBELDE 10 Oct]* ..... 9

**Antigua and Barbuda**

Home of Antigua Labor Party Chairman Firebombed *[CANA]* ..... 13

**The Bahamas**

Doctors Protest, Demand 65-Percent Wage Increase *[CANA]* ..... 13

**Dominican Republic**

IS Official Favors Haiti Intervention *[Madrid EFE]* ..... 14

**Grenada**

Autonomy Sought for Carriacou, Petit Martinique *[CANA]* ..... 14

**Haiti**

FRAPH Urges Population 'To Attack' Deputies *[Port-au-Prince Radio]* ..... 14
Aristide Replies to Cedras' Comments *[Port-au-Prince Radio]* ..... 14
Reinstated Senators Call for National Conference *[Port-au-Prince Radio]* ..... 15
Legislators Blame Senate President for Stalemate *[Port-au-Prince Radio]* ..... 15
Gas Stations Resume Activities on 16 Nov *[Port-au-Prince Radio]* ..... 16
MRNH Lauds ANADIPP Action on Fuel Distribution *[Port-au-Prince Radio]* ..... 16
'Misery' of Living Conditions Reported *[Port-au-Prince Radio]* ..... 16

**St. Lucia**

Compton Agrees To Meet Striking Radio Workers *[CANA]* ..... 17

**NAFTA**

Colombian Minister: NAFTA Good for Nation *[Santa Fe de Bogota TV]* ..... 18
Havana Radio Carries Commentary on Upcoming Vote ..... 18

**MEXICO**

Aspe Presents 1994 Budget Bill to Congress *[Mexico City TV]* ..... 19
PRI Candidates Win Elections in Mexico State *[Mexico City TV]* ..... 19
Roundup of Economic Developments 9-16 Nov *[Mexico City TV, etc.]* ..... 20

**CENTRAL AMERICA**

**Costa Rica**

Presidency Minister on Withdrawal of AFL-CIO Charges *[San Jose Radio]* ..... 21
Presidential Candidate Welcomes AFL-CIO Stand *[San Jose Radio]* ..... 21
Roundup of Economic Developments *[LA NACION 2 Nov, etc.]* ..... 21

**El Salvador**

Roundup of Economic Developments *[NOTIMEX]* ..... 22

**Guatemala**

President, Congress Reach Crisis 'Solving' Agreement *[ACAN]* ..... 22
Labor Sectors Criticize 'Deal' *[NOTIMEX]* ..... 23
De Leon Warns Referendum Suspension May Spark Violence *[SIGLO VEINTIUNO 15 Nov]* ..... 23
Decision To Suspend Referendum *[Guatemala City TV]* ..... 23
De Leon Carpio Gives Speech on Referendum *[Guatemala City Radio and TV]* ..... 24
Roundup of Economic Developments *[NOTIMEX, etc.]* ..... 26

**Honduras**

Roundup of Economic Developments 9-16 Nov *[TIEMPO 14 Nov]* ..... 26

**Nicaragua**

Roundup of Economic Developments 9-16 Nov *[BARRICADA 9 Nov, etc.]* ..... 26
* Sandinist Economist Presents Economic Plan *[BARRICADA 25 Oct]* ..... 26
Ω **Nicaragua Press Review No. 9** *[EL NUEVO DIARIO 25 Oct, etc.]* ..... 29

**Panama**

Roundup of Economic Developments 9-16 Nov *[LA PRENSA 10 Nov, etc.]* ..... 30

**SOUTH AMERICA**

**Argentina**

Menem Elaborates on Meeting With Alfonsin *[NOTICIAS ARGENTINAS]* ..... 32
Colombian Drug Cartels 'Actively' Using Argentine Route *[NOTICIAS ARGENTINAS]* ..... 33
* Cavallo Plan Evaluated After 30 Months *[CLARIN 7 Oct]* ..... 34

**Brazil**

Former Minister Urges Reopening of Sarney Corruption Probe
*[O ESTADO DE SAO PAULO 15 Nov]* ..... 36
Economists Convince Cardoso To Accelerate Economic Plan
*[FOLHA DE SAO PAULO 14 Nov]* ..... 37
Head of Congressional Committee on Budget Fraud Interviewed *[O GLOBO 15 Nov]* ..... 37
* Informant Testifies on Death Squad Actions, Escobar *[ISTOE 13 Oct]* ..... 39
* Impact of Late October Scandal on Planalto Seen *[VEJA 27 Oct]* ..... 42

**Colombia**

Gaviria Signs Agreement With Jamaican Prime Minister *[Santa Fe de Bogota TV]* ..... 43
Reports on Marine Border Treaty *[Santa Fe de Bogota TV]* ..... 43
Chamber of Representatives Approves Post of Alternates *[Santa Fe de Bogota TV]* ..... 44
ELN Execution Squad Reportedly Kills Two Members *[Santa Fe de Bogota Radio]* ..... 44
Roundup of Economic Developments 9-16 Nov *[EL TIEMPO 12 Nov, etc.]* ..... 44
* Effect of 'Apertura' on Unemployment Examined *[EL ESPECTADOR 9 Oct]* ..... 44
* ANDI Views G-3 Accord With Mixed Feelings ..... 46
* Concern About Mexico *[EL ESPECTADOR 14 Oct]* ..... 46
* Business Sector Comments *[EL TIEMPO 15 Oct]* ..... 46
* Business Concerns *[EL TIEMPO 19 Oct]* ..... 47
* FARC Control of Two Municipalities Described *[EL TIEMPO 18 Oct]* ..... 47
* Outcome of Conservative Convention Uncertain *[SEMANA 9 Nov]* ..... 49
* Business Leaders on Need for Fiscal Austerity *[EL TIEMPO 14 Oct]* ..... 50

**Ecuador**

Roundup of Economic Developments 9-16 Nov *[Madrid EFE, etc.]* ..... 51

**Paraguay**

Brazilian Minister Denies Ruling Out Stroessner Extradition *[ULTIMA HORA 16 Nov]* ..... 51
Vice Foreign Minister Replaced; Changes in Ministry Planned *[ABC COLOR 16 Nov]* ..... 52
Chief of Staff Evaluates Americas Armed Forces Conference *[ABC COLOR 16 Nov]* ..... 52

**Peru**

State of Emergency Extended in Several Provinces *[NOTIMEX]* ..... 52
Council of Ministers President Interviewed *[EL MERCURIO 7 Nov]* ..... 53
Constituent Congress Denies Amnesty for 1992 Coupists *[Lima TV]* ..... 55
Poll Indicates Fujimori Continues To Enjoy Support *[Lima TV]* ..... 55
Roundup of Economic Developments *[AFP, etc.]* ..... 56
* Minister on Plan To Revive Agriculture *[El Comercio 17 Oct]* ..... 56

**Venezuela**

Velasquez on Charges Against Radical Cause Leader *[EL DIARIO DE CARACAS 15 Nov]* ..... 58
Police Recover Part of Weapons Stolen From Fort Tiuna *[Caracas TV]* ..... 59
Commander Chavez Denies MBR-200 Ties With Other Sectors *[EL NACIONAL 15 Nov]* ..... 59
Roundup of Economic Developments 9-16 Nov *[EL NACIONAL 13 Nov, etc.]* ..... 59

**Guyana**

Jagan Departs for Cooperation Talks in Brazil *[CANA]* ..... 60

## EC, Caribbean Officials Hold Cooperation Meeting

*FL1211185693 Bridgetown CANA in English 1755 GMT 12 Nov 93*

[Report by Jeff Meyers]

[Text] Road Town, Tortola, BVI [British Virgin Islands], 12 Nov, CANA—British and other dependent territories and the European Community emerged from what they called a "history-making" conference here this week, talking about a high level of understanding. Peter Pooley, acting director general for development in the EC Commission, said the greatest gain from the meeting was understanding. Officials have a "high level of understanding of how the relationship works and what the opportunities are," Pooley said. "Before ... That understanding was very uneven."

The two-day meeting brought together for the first time representatives of the EC Commission and the Overseas Countries and Territories (OCT), consisting of UK and Netherlands dependent territories, Bermuda and Aruba. The meeting, sponsored by the European Commission and the British Virgin Islands Government, was intended to improve cooperation and understanding between the groups. It followed a 1991 OCT decision that allowed for direct relations between dependent territory governments and the EC.

BVI Chief Minister Lavity Stoutt said that in addition to developing a clearer understanding of their relationship, the groups focused on clarifying aid allocation criteria, speeding up projects after aid approval, and improving private sector participation. Sessions also looked at improving trade, tourism and investment in the OCTs. Attending were chief ministers from all UK dependent territories, except for the Turks and Caicos, which sent its deputy chief minister. Representatives from Aruba, Bermuda, the Netherlands Antilles, the Netherlands, the UK and the EC were also on hand, along with governors of Anguilla, Montserrat, the Turks and Caicos and BVI.

BVI Governor Peter Penfold said the conference provided the OCTs with the chance to take advantage of a privileged relationship with the EC that they so far have not capitalized on. The conference, he said, offered "a real opportunity to look at ways the OCTs can argue their cases jointly and more effectively".

BVI delegates brought to the forefront the issue of representation at EC headquarters in Brussels. The British OCTs lack representation, while the Dutch have a full-time senior official promoting the interests of the Dutch territories to the EC, the meeting heard. "Maybe that's one reason the Dutch territories receive 85 per cent of EC OCT assistance to the Caribbean, and the British only 15 per cent," penfold said. Pooley said that he was "a little bit hesitant" about the idea. He said installing an officer in Brussels would be "extremely expensive," and added that he hoped the British OCTs would first attempt to better use existing lines of communication. But Richard Kinchen, head of the dependent territories regional secretariat in Barbados, supported the idea and said the British OCTs should make a proposal to the secretariat.

Aid allocation criteria were another area that several representatives said needed to be reviewed. Some said that calculating aid based on population numbers can provide a misleading picture of development needs. Pooley said aid is currently allocated based on several factors, including population, prosperity and the level of need. Whether the money is spent promptly is also a consideration, he said. "The Dutch have been quicker off the mark" in pursuing EC aid, he noted. Kinchen said one reason for the discrepancy may be that the costs of developing a small community or territory are often no less than those of a larger, more populated one. Methods of enabling the OCTs to take better advantage of EC trade benefits were also discussed.

Edison Briesen, Aruba's minister of economic affairs and tourism, said rules of origin that determine eligibility for duty-free access are a major obstruction to OCTs and must be closely examined. He called on the EC to drop unnecessary safeguard measures.

While no hard decisions apparently resulted from the conference, representatives did agree to meet annually, with the next conference scheduled to be hosted by Aruba and the Netherlands Antilles next year. The OCTs also agreed to have a caucus prior to the meeting. Pooley said information gathered from the discussions will be taken into consideration in a may 1994 mid-term review of the 10 year partnership. Briesen said evaluation of the relationship should be a "melting pot" of ideas from Europe and the Caribbean, and not a process imposed by Brussels.

## Ω Quebec Views Latin American Market

*94P20082A*

[Editorial Report] The 18 October edition of the Montreal daily LE DEVOIR reports on Quebec's growing interest in developing a Latin American market. Chile and Argentina constitute the primary targets of this interest and were the destinations of nine trade missions organized by the provincial Ministry of International Affairs over the last four years. According to LE DEVOIR, John Ciaccia, the provincial international affairs minister, invariably links this interest in Latin America with Quebec's interest in free trade and he even "uses some Portuguese to enhance his credibility" when in Brazil. Ciaccia is also quoted as saying "Quebec and the Latins of the North who live there represent for Latin America an alternative in this part of the continent."

LE DEVOIR goes on to quote Lynne Dorward, the executive director for marketing at Bell Canada Enterprises, who cautions that foreign investors in Argentina face two principal stumbling blocks: both their interlocutors and the rules of the game change too often, in

addition there is the time lost in endless negotiations. By contrast, Chile represents a more pragmatic environment, in Dorward's view, "with a style of doing business more closely resembling that of North America."

LE DEVOIR further points out that a key area for Quebec to market its services is public administration. The Quebec government itself can offer its experience in developing modern institutions capable of inspiring the confidence of investors. In addition, the Quebec academic community is also participating in this opening toward the south: The University of Montreal was represented during a recent Ciaccia trade mission to Argentina, Chile, and Brazil. It also offers scholarships and academic exchanges. The University of Quebec at Montreal has signed an agreement with the Catholic University of Chile to establish a televised correspondence school program, and is seeking to do the same in Argentina, Colombia, and Mexico. LE DEVOIR concludes that the Latin American market will not be easy for Quebec to penetrate. Quebec sends only 2 percent of its exports to the region. In turn, it buys 5 percent of its imports from the region. The recession has thus "made a slight dent in this meager balance sheet, without closing our trade deficit."

The 18 October issue of LE DEVOIR also carries a report on a related subject: the establishment within a year of a fund to aid Quebec exporters, particularly those exporting to Latin America. The fund is intended to supplement the Export Information Office recently established by the Ministry of International Affairs. In terms of financing such a fund, "the ball rests in the camp of the large private banks, attracted anew by the spectacular growth rate in Latin America."

## Cuba

### PRC President Jiang Zemin To Visit 'Soon'

*FL1611192593 Havana Radio Rebelde Network in Spanish 1800 GMT 16 Nov 93*

[Text] PRC President Jiang Zemin will visit Cuba soon in response to an invitation from Commander in Chief Fidel Castro Ruz, president of the Councils of State and Ministers of the Republic of Cuba. Comrade Jiang Zemin's visit is both official and a friendship visit, and will contribute to strengthening still further the traditional ties of friendship and cooperation that exist between our two countries.

The tour through the PRC being made by Vilma Espin, president of the Cuban Women's Federation, has the same purpose. Espin arrived in China last Saturday. During her stay in China, Espin, who is a member of the Central Committee of the Communist Party of Cuba, has held talks in Beijing with Chen Muhua, president of the Chinese Women's Federation, with whom Espin analyzed measures with a view to having the World Women's Congress, which is scheduled to be held in the Chinese capital in 1995, be the biggest possible success.

Espin also met with Hu Jintao, member of the permanent committee of the Politburo of the CPC, who expressed satisfaction with the boom in friendship between the two nations.

### ANPP Vice President Meets With Zhang Boxing

*FL1611193093 Havana Radio Progreso Network in Spanish 1200 GMT 16 Nov 93*

[Text] Jaime Crombet, vice president of the National Assembly of the People's Government [ANPP], met with Zhang Boxing, a member of the Central Committee of the Communist Party of China and first secretary of the Provincial committee of Shaanxi Province. In the last few hours, Zhang Boxing also visited oil drilling and tourist facilities in Varadero Municipality, Matanzas Province.

### Zhang Praises Health System

*FL1711004693 Havana Radio Rebelde Network in Spanish 1800 GMT 16 Nov 93*

[Text] The visit of the delegation headed by Zhang Boxing, member of the CPC Central Committee and secretary of the provincial committee of Shaanxi Province, continues. On 16 November, the CPC delegation visited the Hermanos Ameijeiras Clinical Surgical Hospital. They were greeted there by Vice Health Minister Raul Diaz Vallina and the director of this prestigious hospital, Dr. Raul Gomez Cabrera, who briefed the visitors on the Cuban health system and specialties at the Ameijeiras hospital. Following a tour of the hospital, Zhang Boxing said:

[Begin recording in Chinese with simultaneous translation into Spanish] The health condition of the population is inseparable from the capabilities of the health personnel. I have noticed that the Cuban Government has educated a great contingent of specialists with a very high level of training, a level comparable to the best in the world. This is an important guarantee for increasing the quality of service. We already know that you have not only qualified personnel, but modern resources, the latest technology, and the latest medicines—all this guarantees the conduit of the Cuban health system. [end recording]

The CPC delegation's visit to Cuba ends on 17 November. During their stay, they have visited places of interest and met with many Cuban Government and state personalities.

### Robaina Meets With Barbadian Leaders

*FL1611150793 Havana Radio Progreso Network in Spanish 1200 GMT 16 Nov 93*

[Text] Cuban Foreign Minister Roberto Robaina carried out an official three-day visit to Barbados, where he met with Prime Minister Lloyd Erskine Sandiford and with acting Foreign Minister Maurice King, as well as with parliament opposition leader (Alwin Noshurd), a member of the Barbados Labour Party. In addition to his meetings yesterday with high-ranking Barbadian leaders, Robaina also signed an agreement of cooperation in the fight against drug trafficking.

As part of his tour of Caribbean countries, today Robaina will arrive in St. Lucia, after which he will travel to St. Vincent and the Grenadines on 17 November.

### Lazo, Palmero Visit Havana Research Center

*FL1611171393 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 16 Nov 93*

[Text] Today Politburo Member Esteban Lazo toured several places of economic interest in Havana Province. Lazo was accompanied by Candido Palmero, first secretary of the Provincial Committee of the Communist Party of Cuba in Havana Province.

The tour began with a visit to the (Liliana Dimitroba) Research Center and the Hydroponics Center of the April 19th Miscellaneous Crops Enterprise in Quivican. During his tour, Lazo was interested in and asked about the progress obtained in the application of technological and scientific achievements and the activities carried out in the food program with the introduction of the new work forces.

[Begin Lazo recording] Some time ago, I had spoken to Comrade Palmero about the idea we had of exchanging some experiences with regard to the party's work in the food program and science, beginning with the idea that we, in Santiago de Cuba, are developing a number of very important plans not only in Santiago, but in other

provinces such as Ciego de Avila, and some areas of Granma Province. I made the suggestion to Palmero, who knew of the effort we were making with the mobilizations, especially in this last period, with the creation of the Basic Cooperative Production Units as well as the farms the Army was working on, which are now cared for by Youth Labor Army [EJT]. [end recording]

In Guira de Melena, Lazo was briefed on farm No. 5 of the EJT at the Miscellaneous Crops Enterprise of the municipality. Lastly, he conversed with members of the provincial bureau of the PCC and with Division Generals Leopoldo Cintra Frias, head of the western Army, and Rigoberto Garcia, head of the EJT, on issues related to the role of the party's membership, as well as other issues of national interest.

### Envoy Optimistic U.S. To Lift Sanctions

*LD1511133993 Tehran IRNA in English 1243 GMT 15 Nov 93*

[Text] Vienna, 15 Nov, IRNA—The 34-year-old U.S. embargo on Cuba has cost Havana dlrs 30 billion in lost revenues and the continuation of sanctions is more a warning to countries with revolutionary thoughts than a punishment for Cuba, says Cuban charge d'affaires to Austria, Leyla Carrillo.

Carrillo, in an interview with IRNA on Monday said that she was optimistic about a lifting of U.S. sanctions since more and more countries and organizations, as witnessed recently in the United Nations, raise their objections to the illegal blockade.

Commenting on the "Guantanamo Bay" U.S. military installations, in the Cuban province of the same name, leased from Cuba in 1902 for a period of 99 years, the Cuban envoy said that the base meant to be used for U.S. activities in Latin America, has lost its strategic value because of advanced technology. Continued possession of the base is only meant to insult Cuban sovereignty, she said.

She also noted that the base, with its capability of launching a surprise attack is causing an uneasy and nightmarish feeling amongst the population of Guantanamo Province.

"I hope that the U.S. Administration will be intelligent enough to note that the base does not serve its interest any more and will vacate it, as planned, in the year 2001," she added.

On the Cuban economic situation since the collapse of Communism and the consequent end of Soviet aid to Havana, Carrillo stressed that the Cuban people understand the situation and sacrifices are needed to be made in order to overcome the present difficult situation. She also underlined that the hard times for Cuban economy are over.

### Yemeni Condemnation of Torricelli Law Noted

*FL1611151093 Havana Radio Progreso Network in Spanish 1200 GMT 16 Nov 93*

[Text] On 15 November the Yemeni Government condemned the Torricelli Law against Cuba and described it as interference in domestic affairs and a violation of the statutes of the United Nations. In an extensive report printed in the official AL THAWRI newspaper, the Yemeni Government points out that the law intensifies the blockade against Havana and impedes third countries from trading with Cuba.

The Yemeni newspaper goes on to comment on Cuba's victory at the United Nations, when a resolution against the U.S. blockade received the support of 88 countries. A total of 57 countries abstained and only four countries voted against the resolution. These four countries were: the United States, Israel, Paraguay, and Albania.

### Diplomat Reelected to UN Advisory Board

*FL1611192793 Havana Radio Rebelde Network in Spanish 0000 GMT 16 Nov 93*

[Text] Cuba has scored another victory with the reelection of an expert to the UN advisory board on administrative issues regarding the budget. Even Fontaine, a specialist of the fifth commission of the UN General Assembly, once again obtained the important office with 91 votes, for a period of three years beginning in January 1994.

The Cuban diplomat was elected through secret ballot and with the support of the majority of the members of this UN commission.

### Radio Rebelde Planning New Call-In Program

*FL1611154693*

[Editorial Report] Havana Radio Rebelde Network in Spanish at 1255 GMT on 16 November receives a studio visit from Radio Rebelde's news chief and chief of editorial policy (Antonio Molto) and "Radio Rebelde's interim director Pedro Perez," who note that "these days, signs of certain changes, certain symptoms of revitalization and of expansion of the programming of Radio Rebelde's informational services, have been appearing.... The idea of a program to be called something along the lines of 'Ask Rebelde' [Preguntele a Rebelde] has already been designed."

The guests explain that they are going to try having a call-in program. During a set period of time, listeners will be able to call in any kind of question or concern to a panel of four or five journalists, who will answer their questions about any number of things or provide them with background information on their topic of interest or concern. Answers will be direct and concise, so as not to bore people who happen not to be interested in a particular caller's topic. The journalists will be seeking to

shed light on anything about which callers may have doubts or may need further information.

The guests say they try to keep in mind the principle that someone may disagree with them, "and we are interested in that person, because that person is a part of the Revolution, is part of the family; that person who may still have doubts about something, whose ideas may not be completely jelled."

The guests explain that they have noted that radio stations in Cuba and elsewhere often talk about things that the population does not have enough background knowledge to really understand. In Cuba, among the subjects the speakers believe are not very clear in the general population's mind are the matter of the Basic Cooperative Production Units and the matter of self-employment.

The guests explain that the first test show is to be on 19 November: "We are going to record on Friday, from 1500 to 1700, at a hall here that is equipped with several phones."

The guests explain that information regarding this matter and providing the telephone numbers to call and identifying the journalists is to become available "tomorrow." They explain, further, that it is important for the population to know who the journalists available for questions are, because certain journalists are experts on particular topics, such as "Renato Recio, who is a specialist on social and economic topics."

A speaker emphasizes: "So now you know: Ask Rebelde whatever you wish."

Another speaker announces that there will be another bit of news coming "within a few days—something also having to do with information, with a new informational service."

The speakers reiterate that the broadcast time of the new "Ask Rebelde" program will be announced in the future.

A speaker adds: "I announce that we have very few hours left before entering Central America." [sentence as heard]

### Roundup of Economic Activities 10-15 Nov

*FL1511131893*

[Editorial Report] The following is a compilation of fileworthy reports on economic developments in Cuba carried on Havana radio and television in Spanish between 10 and 15 November.

Radio Reloj Network at 2042 GMT on 10 November reports that the Villa Clara Province cooperative and small farmer sector has held its Fourth Cattle-Raising Plenum. Members of the sector analyzed the road yet to travel in attaining self-sufficiency in milk by the end of the year. It was reported that, although milk production decreased by almost 300,000 liters from January to October, the possibility of attaining production greater than last year's by the end of December nevertheless exists. The situations that must be taken care of immediately in order to achieve this goal, such as a lack of good management and coordination among those responsible for this task, were discussed at this plenum.

Radio Progreso at 1200 GMT on 11 November reports that the Danielle Mitterrand and (France-Liberte) Foundations, of France, have made several donations of foodstuffs and sweets to the Victoria de Enero Primary Boarding School, the Frank Pais Hospital, and the Frank Pais and Oscar Alvarado Childcare Centers, all in Havana. Donations of medicines and other products from Switzerland, Italy, and Curacao have arrived in Camaguey and have been earmarked for two hospitals and the Marriage Palace.

Radio Rebelde at 1800 GMT on 11 November reports that specialists in the mining and metallurgy zone of eastern Cuba have recovered the dentate dials [catalinas dentadas] used in nickel-producing processes that used to be purchased abroad. This equipment is indispensable to the system for cooling the nickel in the reduction ovens, and recovery has saved the industry close to $200,000 in imports. Each of these pieces of equipment, which have a 4-meter diameter and 132 cogs, used to cost $66,000 on the international market; it cost only $180 in raw materials to get the works back into operation.

In the same newscast, Radio Rebelde reports that the Camaguey Equipment and Aggregates Repair Enterprise has employed a method for recovering sparkplugs for gasoline engines with positive results and savings of hard currency. The authors of this initiative claim that 5,000 units were recently restored, and their life extended, by using a system of cleaning sparkplugs with acid.

Radio Rebelde at 0000 GMT on 12 November reports that Habanatur S.A. and an Italian firm signed an agreement for the establishment of a mixed enterprise named A.C.H. Shipping Limited. The agreement establishes a cruise ships route between Santiago de Cuba Province and ports in Mexico.

Radio Rebelde at 1000 GMT on 12 November reports that, to date, 52 Basic Cooperative Production Units [UBPC] have been formed in the agricultural-livestock sector in Las Tunas Province. The units cover a total of close to 3,500 caballerias and represent 40 percent of the total planned. Of these UBPC's, 39 are livestock units and 13 are miscellaneous crops units.

Radio Reloj at 1500 GMT on 12 November reports from Vuelta Abajo that 9 UBPC's, comprising a total of 8 caballerias, were formed in the tobacco sector of Pinar del Rio Province.

Radio Reloj at 2058 GMT on 12 November reports that peasants in Holguin have picked 246 cans [latas] of

coffee and are entering the final phase of this year's harvest, now 85 percent complete; they hope to finish by the end of November.

Tele Rebelde and Cuba Vision Networks at 0100 GMT on 15 November report that 23 buses donated by the city of Oleiros, Galicia, were delivered today in Havana. These buses will be assigned to the Jose Marti International Airport and to the railway and bus terminals. Pedro Chavez, president of the City of Havana Provincial Assembly, conveyed thanks in the name of the Cuban Government.

### Elimination of Excess Currency Discussed

*FL1311014693 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Nov 93*

[Discussion between host Carlos Santana Ojeda and journalists Eloy Concepcion of TRABAJADORES and Oswaldo Rodriguez of JUVENTUD REBELDE on the "Straight Talk" program—live]

[Text] [Santana] There are many people out in the streets today worried about the excess of currency in circulation, and here on "Straight Talk" are journalists Eloy Concepcion of the paper TRABAJADORES and Oswaldo Rodriguez of the weekly JUVENTUD REBELDE, to analyze this subject a little. For example, what might be possible ways to solve the problem of excessive amounts of currency in circulation?

[Concepcion] I think people are mainly concerned not with the fact that there is an excessive amount of currency circulating but rather with what paths are going to be taken to reduce that excessive amount of circulating currency, which, as we have said on other occasions, does not motivate people to do more and better work and is a situation that is creating a crisis in the Cuban economy—a crisis which, although it is indeed being kept under control, could degenerate into an uncontrollable crisis.

Now, in my personal opinion—we were talking to Oswaldo about this the other day, and he disagreed with me on this—I think that often, when people speak of an excess of currency in circulation, their main concern is about what effect that money really has on their own pockets, on their households, on individuals.

Other countries have taken measures to reduce such excesses in circulating currency. It is easy to take the kind of measures certain other countries take. We could do the following: charge for all healthcare services, charge for education, charge for all sports activities. We could charge the international prices of foodstuffs. And that would, quite simply, be a shock treatment—an irresistible policy, and one the Cuban people, since this is one of their great attainments, would not allow to be taken; nor are measures of that sort going to be taken.

[Santana] Oswaldo was talking to me about countries that have taken a number of such measures, and the situation those countries find themselves in at the present time. It's OK for there to be no charge for public health services and education, but even during a roundtable here on "Straight Talk" [the participants] analyzed whether people might not be charged for attendance at an event at a stadium or certain other of these things that.... [leaves sentence unfinished]

[Concepcion] Yes, of course. Above all, people are very concerned by the fact that there is also a certain amount of egalitarianism involved in this matter of (?free) activities—too, because you mentioned that, yes, public health services should not be charged for, but the thing is that the black marketeer [maceta], who is so greatly affecting and irritating people, receives free services at any hospital. He or anyone in his family can undergo surgery for free. That operation, that medical attention, costs money; and that money is actually being paid by the worker, because it is the product of the worker's labor.

[Rodriguez] Although I tend to think that before getting to that point which the government will have to resort to, whether by taxing or by making people pay for certain services that have up to now been free, which affect a particular sector of the population...[pauses] In my very personal opinion, I think the first thing the government needs to do is to put order in the government itself. In fact, I think a certain number of measures for effecting a restructuring, a simplifying, of the government apparatus have already been put forward. I think certain measures that in my opinion should be taken in this country have already been put forward, such as the matter of putting the national budget—which includes the municipal budgets—in order.

The other day, a comrade was saying to me: Well, if X municipality wants to have a symphony orchestra, it may, as long as it has enough income to pay that symphony orchestra. However, the government as a government...[pauses] In using it as an example, I in no way mean to downplay the merits of a symphony orchestra. I could just as easily say a "charanga" or a "conga"—or anything like that, which can be considered a luxury—that a municipality or a province might want to have. Why should the government, the entire country, the nation have to put out money to pay for something that should be financed by the municipality itself?

The same goes for the enterprises! I think we should begin, as of next year, to structure our management system so as to have everything not financed by what it produces...[pauses] we need to begin eliminating it—progressively, of course, because our economy is still so deformed that we cannot go out and apply a potentially deadly shock treatment in this matter.

[Santana] Besides, the bloated budget of the municipalities has provoked the issuance of excessive amounts of money. We should stop and think about how much is

spent on carnival celebrations, about the money that ends up in the pockets of those people participating in them.

[Concepcion] Although I support cultural activities, I cannot see why the state has to necessarily finance the cultural programs of all municipalities and neighborhoods. If a municipality wants to implement a cultural program, let it do so; but it will have to pay for such activities from its own resources.

[Santana] We ought to make it quite clear that our listeners do not have to agree with the opinions expressed here in this open, direct dialogue with journalists Concepcion and Rodriguez. You may disagree with them. Oswaldo, Eloy was saying that restructuring the state and the budget is one possible way to solve the problem of the excess money supply. Will this alone solve the problem? Wouldn't a change of currency [canje] be another way of solving it?

[Rodriguez] Much is being said today on the streets about a change of currency. A change of currency was implemented in the country in the early part of the Revolution to stop the flight of Cuban money abroad. A change of currency could momentarily solve the problem of the excess in money supply. If individuals are having an excess of money for which they cannot account, then a change of currency would immediately solve the problem.

[Santana] There are many argumens for and against a change of currency.

[Rodriguez] I am more among those who are against it.

[Santana] Why?

[Rodriguez] Because there are countries that have changed their currency up to three times but still continued to have inflation. A change of currency would solve the problem in the short term, but the next day you start issuing currency again and you continue to pay salaries and if you do not have a production to back the issuance, if you do not have the merchandise with which to recover the money paid as salaries, then those salaries will again go to the same people, to speculators, to the black market. A salary buildup would take place and we would be back in the same situation we are experiencing now.

[Concepcion] The people in the streets are even talking about exchanging dollars for Cuban pesos. I am completely against this. You may have heard it, too.

[Rodriguez] Yes. There are rumors about that. Before going into that subject, which has been nicknamed chavito, I want to say that I am not saying that a change of currency is not going to take place. I know that the economists will have to decide that. The Cuban Government may consider it reasonable. I agree with changing our currency, but along with other measures.

A change of currency is a secret matter, however. One ought to turn a deaf ear to all those rumors that the currency will be changed tomorrow, next week, or Monday. A change of currency is a completely secret matter. We will wake up with a new currency, period.

Regarding the chavito issue, I believe one cannot give credence to all those rumors. Analyzing the possiblity of a chavito, or an exchange of pesos for dollars, I do not see the idea as far-fetched as long as the exchange will make it possible for more people to go to the foreign currency stores.

As I said the other day, the depenalization of the possession of U.S. dollars has added another element with a disruptive effect on the economy in light of the possibility for certan sectors of the population to have, one way or the other, access to foreign currency stores.

I have heard that there are long lines outside these stores. I have visited them and my impression is that there is a bit of a mirage in all this. A healthy, honest portion of our population is receiving large amounts of money; but there are others who are receiving dollars for carrying out not-so-noble or not-so-honest activities. A mirage has been created because the impression is that the stores are packed with people. We wished the stores had long lines and that we had many thousands of dollars in circulation, so that we could collect those dollars this way.

[Santana] You were discussing the possibility of a change of currency; this is just a hypothesis, right?

[Rodriguez] Yes, of course. We are neither clairvoyant nor do we know of any measure to be adopted by the government. As government officials have said, these measures are still being analyzed. Our Commander in Chief Fidel Castro himself said in his 26 July speech that some of these measures—and he was primarily referring to measures relating to the money supply—will be discussed at the National Assembly. All we are doing here is expressing our opinions freely.

I wanted to comment on what Eloy was saying about the foreign currency stores. I recently had the opportunity to visit these stores, because I wanted to see what was happening....

[Santana] The dollar purchase stores....

[Rodriguez] The stores where you have to pay in dollars. I wanted to see that for myself. In a general sense, these stores have become sort of low-volume stores that are also involved in black market operations. For instance, people buy soap and other items now in short supply.

[Santana] Those with dollars go there and buy these items.

[Rodriguez] Yet these are low-volume stores. My impression is that those who are really receiving large amounts of dollars are not going to those stores.

[Santana] I was about to note that.

[Rodriguez] I was checking with the cashiers and found that each shopper spends an average of $2 or $3, or $1. There are some who leave the stores loaded with items, but most people buy two or three bars of soap, a small can of....

[Concepcion, interrupting] To sell them later on the black market.

[Rodriguez] Well, I have no doubt that some will resell the items on the black market.

I even had the impression that employees of some stores—and I specifically refer to La Flora in Miramar, near the (Armendare) iron bridge—indeed mistreat customers. Apparently, many people just go windowshopping. There are many people inside, but a lot of them are not buying anything. I saw some mistreatment and I even had a small exchange of words with one of the employees with items on display outside. He sought to try a rundown cafe procedure treatment on me: It is the customer who should come to the bartender, not otherwise.

This problem stems from what you said. These salespeople do not believe Cuban customers will spend much money or give them a tip.

[Concepcion] Don't harbor any illusions, because we have also taken our shortcomings and deficiencies into the tourism sector. Not everything is going well in tourism. I believe we would have many things to talk about in the area of tourism.

[Santana] I want to remind you that we are discussing the possible ways of eliminating the excess money supply. I want to ask you if a policy of savings, of taxes, of high prices could also be a way to go in this endeavor.

[Concepcion] I believe our country is confronted with the need to establish certain financial mechanisms, including taxes, both direct and direct. Our country must create a policy of incentives for saving, a bank deposit mechanism that benefits those taking their money to the banks. In my opinion, this ought to be a gradual process. As I said earlier, a price-limiting mechanism must first be taken in the enterpreneurial sector. This action must be taken with great care because all this, in my opinion, and this has been the resolve of the leadership of the coutry and of the revolutionary government, should in no way affect the people. We must be careful about this and I believe that things are being channeled carefully and that progress is being made, keeping this idea in mind.

[Santana] It would be very difficult not to affect the people in some way.

[Rodriguez] Any measure designed to fight a crisis entails a social cost. I believe an effort will be made to reduce its impact to a minimum. At all times, the state will assume the burden of the social cost of its measures, but without affecting the poor sector of the population.

[Santana] Yes, of course. I believe we must be aware that there will be an impact.

[Rodriguez] I believe these measures will affect habits we have acquired because we have grown accustomed to paternalism, to subsidies, to getting things free. As Carlos said, the day we decide to sell tickets for international sports events—there are people who have been watching international volleyball games free for 30 years—there will be people who start complaining. That is true.

We must also find a way of collecting individual, personal taxes, which have not been collected here for many years. This, however, should be implemented at the final stage of this program. As you said, Eloy, the savings policy, perhaps some price adjustment, might be the way to go, but all these solutions are closely knit together.

[Santana] These have been the ideas of journalists Oswaldo Rodriguez and Eloy Concepcion about possible ways to solve the excess money supply.

### Commentary Calls for Understanding, Faith

*FL1111223693 Havana Radio Rebelde Network in Spanish 1800 GMT 11 Nov 93*

[Text] Journalist Luis Sexto notes that there is a struggle being waged in Cuba today to get our economy to take off. A plane is engaged in takeoff from the moment it begins moving. The takeoff begins when the plane starts to taxi along the ground. Likewise, our economy's flight is just embarking on its initial run along the ground—a run that is slow and careful, but nonetheless urgent for all that. In fact, perhaps because is is so slow and careful, it is all the surer, more solid, more stable.

This run requires the understanding of the Cuban population. Patience is required to understand a phenomenon, as it is to understand a person. It is possible that in the process of understanding, as in that of learning, some may become impatient, doubtful, discouraged.

But to understand means, in its deepest sense, to identify with something or someone, to feel oneself to be a part of the other. And we come to feel part of another when we come to know his potential, his strength, his honesty. We will never be able to understand an inveterate criminal. We can, however, understand the mistake of an honest man.

These ideas are not forced lessons in basic philosophy. They are principles forged from our people's history. Cubans believed in Marti after the failure of the Fernandina Plan. No one lost faith, and the Cuban Revolutionary Party was again able to raise the money needed to again begin the material reorganization of the war. If faith had been lost because of that heartrending failure, independence would perhaps not have been won.

The Cuban people understood, renewed its faith in Marti and the party; and the war, with all its hopes, materialized. There are decisive national causes. If one stops

believing in them, the entire society is lost. The Revolution is the foundation and guarantee of our society. Nothing and no one has a more just, more Cuban program than the Revolution. To lose the Revolution would be equivalent to losing our independence, our nationality. It would mean dismissing justice and fairness for good.

The Revolution is still standing. It is true that it is adapting, adjusting to a new world, but it is not relinquishing its humanistic... [pauses] socialist foundation. We must understand, must keep faith regardless of our suffering, must understand the strategy for getting the revolutionary economy to take off. This means believing in our power, in the country's ability to reconstruct itself, believing in ourselves.

### * Juan Contino Challenges Youth in Hard Times

*94CA0021E Havana JUVENTUD REBELDE in Spanish 10 Oct 93 pp 6-7*

[Interview with UJC First Secretary Juan Contino by Magda Resik and Dalia Acosta; place and date not given—first seven paragraphs are JUVENTUD REBELDE introduction]

[Text] This man was unable to tear himself away from the sea. In Colimar—the place in the world where he feels best—the salt air is a balm soothing everyday tensions. Perhaps because he has known that typical coastal scent since he was a child, when soothed by Regla's sea breeze he used to listen attentively to his grandfather who was a carpenter tell him that he had nothing, but he was a very honest man and so was a happy man.

He is not self-important. He did not think he was the best person to replace Roberto Robaina in the UJC [Union of Young Communists] leadership, although everyone else was sure of his ability. It must be because his family taught him not to feel superior to anyone, to share even during times of scarcity.

He is a person who needs the spontaneous neighborhood environment of open gates and doors, of generosity, of immediate give-and-take, and affection. He is a typical Cuban in his love of life. More conservative or respectful words could be found to describe his personality, but that would deny the reader the knowledge that direct contact with the man brings.

No one tops him in alleviating the tedium of a lengthy meeting with comments as intelligent as they are funny. That quality is now so close to his persona that he is criticized when he does not have time for jokes. Sometimes he has been advised to use more restraint and devote himself to more serious and profound reflections, as if joy were incompatible with profundity or wisdom. "If a man is a native Cuban, he has to consider where he lives. Maybe in Europe jokes do not work the same way, but in Cuba they may be a tool for political work." Still, he is intolerant of delays and is an unconditional morning person. "I like to start work very early, but close to midnight I turn off, I just burn out."

He considers being a leader a temporary occupation. "Not all of us are geniuses. One gives his all during a specific period of time. Political responsibilities are wearing, but I will stay here as long as I am needed, until people feel I have done my part. Then I would like to work in my profession, as an economist in a factory or an agricultural enterprise somewhere."

Reading, one of his greatest pleasures, is almost impossible when he gets home. The children, aged five and seven, make demands on his time to play ball. And you only have to see him with those children in what he always calls the golden age—which he discovered a little late—to understand his warmhearted nature. His companion, also an economist, fills in for him. So he has to postpone his need for rest and the pleasures of reading or fishing to spend time with his children.

Juan Contino was part of the group that during the 1980's revitalized the methods and work styles of the UJC. This change responded to conditions created earlier and to collective work, and it led the youthful population to remain. With other youth leaders he now faces the challenge of maintaining freshness in continuity.

[JUVENTUD REBELDE] At this time, how can the Union of Young Communists maintain its level of influence? Will there be continuity or change in the new circumstances?

[Contino] Our policy is the same, a policy of continuity in change. Doing at each moment what that moment demands of us, what will produce the best outcomes. That is continuity because the principles remain the same, and there is an element of change, which lies in the way we continue to create the revolution in these times.

The situation a few months ago is not the same as it is now. Today young people face tasks with much less petroleum, with serious transportation problems, and a lack of resources. The summer that just ended was quantitatively and qualitatively different from the summer of last year. What we have tried to do is not to allow our thinking to be blocked, but to defend our programs with new initiatives. What is limited are resources; ideas are not limited. We conducted more activities in the neighborhoods under the principle that if people cannot go to the activity, we will take the activity where they live.

We also had to handle the past sugarcane harvest in another way. We emphasized human resources because we lacked material resources, which did affect the final result. But much effort was made. The sugarcane harvest has always been very important, and today it is even more important. It will determine the nation's future; if the harvest is poor, we will not move forward.

We are creating the Youth Sugarcane Harvest Staff seeking greater organization, inspired both by tradition and by today's needs. We are setting these groups up in the provinces. We will conduct more profound emulation programs and seek more effective ways of encouraging young people.

We are in what may be called an economic battle, but as the situation worsens, we must become more organized. Necessity has imposed that concept on us, we must adapt to the situation and in the UJC's work, as Radio Rebelde says, we must move with the pace of life.

The possibility of maintaining that level of influence among the population is real because of team work. I believe young people know very well how to interpret working as a collective, having everyone participate, so that everyone will feel responsible for what we do, for our gains and our setbacks. That ensures continuity.

The other day in an interview I spoke of continuity and breaking with the past. Some people may have wondered: breaking with what? What that means is altering methods, work styles, ways of influencing and acting, according to circumstances, which do not remain the same. There will be no break with the basic principles that we defend, which are the very principles of the nation. That is in essence what we are doing: developing our capacity for adaptation and response. In practice this means that we must continue transforming the work of the UJC at the grass roots, and we must make the organization's authority equal at all levels.

[JUVENTUD REBELDE] What tendencies have proliferated among Cuban youth because of the crisis?

[Contino] There are two major trends. One is where the immense majority of young people are: seeking alternative responses for problems. People want to see how we can move forward. You can see that in many places. We saw it in the National Bureau's trip to over 100 towns, to 500 major centers. That is what you find in the Youth Labor Army in the 167,000 students of the Student Labor Brigades, in the half a million people who took part in the FAPI [expansion not given], in the scientists who try to invent where there is nothing, in the artists and athletes who unselfishly cooperate with the nation, in the over 40,000 young people who are members of the sugarcane recovery program, in the over 100,000 young people mobilized to work in agriculture. And there are other examples.

These young people understand that work is the only solution for our problems. That is the life or death issue. The strange thing is that they are the same people who suffer from everyday difficulties. There are foreigners who come and tell us that they see angry young people: a young man who wants to work or study or has some commitment he cannot keep because of a lack of transportation.

Of course there is irritation; nobody likes transportation delays, having electricity cut off, or food shortages. We all share that feeling, and it is precisely among those who are making great efforts to overcome these irritations where many opinions and views appear. However, we realize that the desires and intentions behind most of those criticisms are to improve our country. That is what our visitors sometimes fail to realize.

There is also another marked tendency, which although a minority, is still of concern to us. That group of young people includes some who have allowed themselves to be permeated by pessimism, those who have problems with training, and who commit criminal actions, engage in prostitution.... Our organization is a vanguard institution, but it has an impact on the masses. We believe it is our duty to gain influence over the entire universe of young people, even among those minorities.

[JUVENTUD REBELDE] Among the young you can now find some who will do everything possible to get a job at a hotel bar or in a corporation. Is that a symptom of subversion of values?

[Contino] I do not think the fact that a young person goes to work in the tourism industry or for a corporation is a symptom of subversion of values. That is a door we have opened in the nation, which we opened because it meets a need. And in tourism, in corporations, in mixed public-private enterprises, revolutionary and trained young people are exactly what we need.

Of course, all the young people who choose those jobs are not alike. Where would I say the problem lies? When that young person behind the hotel bar has given up a job that had meaning for his people, or for whom material interests have become the sole purpose of his life.

We are trying to reach the hearts of the people in all those sectors so they will not lose specific values. Silvio has a song that illustrates this very well. "Good luck to you who think you are clever because you have accumulated objects—Poor mortal, you heartless brute without love and without your self-respect."

Also behind the bar are young people who have taught us lessons. In the National Hotel, for example, the workers heard about the "Teledoy" programs and in two days they collected $1,300, without anyone asking them to do so, to provide books and pencils for children. The TRANSTUR [expansion not given] drivers donated $3,000. It is not the value of the dollars that is most meaningful in all these actions, but the moral value. That is what has no price.

Last year in tourism over $193,000 was taken in as tips and now we have the Youth Club, discotheques, skating rinks, and recreation facilities, thanks to the contributions made by those workers.

There are other examples showing that we must not be prejudiced about the possession of foreign currency or jobs that provide this currency. A few days ago the

members of the National Ballet of Cuba donated materials to schools they sponsor with the savings they made from their share of foreign currency.

[JUVENTUD REBELDE] Specialists in a number of scientific institutions have detected among the principal consequences of the special period a change in attitude toward employment in the Cuban population. Young people finish their education and do not work, women of any age prefer to stay at home. Has the UJC analyzed that situation?

[Contino] That is a problem typical of complex economic times like the special period, and its principal causes are fundamentally objective. Many people cannot work because of the lack of raw materials and electricity. In July and August some enterprises had to tell their workers to go home. Textile workers have no raw materials, and there are thousands of people who have been relocated, mobilized, or are even at home. The economic situation we are experiencing has brought about fairly great mobility among the work force.

Now we are facing new challenges because independent work has been legalized, and there are people working at home who are detached from a workplace. I believe we are going to have "independent work militants." Recently I visited Bayamo and I saw the work that a group of young people who are drivers, but who formerly had other jobs, are doing. All the problems of the special period have led to that door, and we had to open it. Now they are talking of growth, for these are revolutionary people.

Studies are being conducted and solutions applied to create greater job incentives. A number of measures have been adopted for that purpose. Of course, we cannot do that in all sectors, even though we would like to. In the work of some areas lies the potential for seeking stimuli for others. We want to move at the greatest speed possible, but resources are limited. This is a process of successive approaches, where the essence lies in shaping a mentality of producers, of creators.

[JUVENTUD REBELDE] People are talking about the lack of social discipline. In many case aren't young people the instigators of those incidents?

[Contino] All over the world young people play a preponderant role in the commission of crime. We should not lose sight of that, for when comparing Cuba with the rest of the world, we have a lower rate of crime. Listen to the latest news from the United States about the wave of violence, robberies, murders of tourists, and then our indicators do not seem so alarming. Of course, that is not meant to deny the importance of this phenomenon.

At this time lack of social discipline has increased because of the objective factor of the limitations we face and their impact on people. But in our society whoever commits a crime conspires against possible solutions, to the point that at times it is hard to tell where crime ends and counterrevolution begins.

For that very reason, we are calling for a great offensive, first to repudiate energetically all criminal outbreaks in workplaces, apartment buildings, and public places. Obviously, this is not all that has to be done. We have to address the causes, especially with the youngest people, and pay much better attention to prisoners so they can be brought back into society, to work with young people, etc.

The UJC joins with the community, schools, families, and organizations in an effort to create a better system of influence. Whenever a young person commits a crime, everyone must be concerned about that.

We have found some hypercritical people who, when they see a young person committing a crime, generalize and lump all young people together. Prostitution truly saddens us. It is undesirable, but it really exists, even though no one is forced to resort to it in our country. We have to work against it, and that is what we are doing, along with other organizations. We have shown that in some cases, speaking of those girls and boys, by removing them from their environment we can change their attitudes.

In this way the UJC's work is linked with the community. The UJC is an organization structured in work or education centers, but it must have a greater level of influence in the community. Actions directed toward young people in the CDR [Committee for the Defense of the Revolution] congress have shown that they are not giving us space for this work. We are demanding that space.

Activists for youth and revolutionary young people know that we have to become more organized in the places where we live. We need to cooperate and maintain unity of action.

The UJC is engaged in community outreach. We want youth instructors not just to work at their own center, but to establish ties with a specific part of the community, and to have activists who can work with people on specific problems in the community.

We have to strengthen the feeling of belonging to a neighborhood. This may not be the time for major solutions, but for small ones. People cannot go to the Malecon area or to the beach as easily as they did last year, but with fewer resources we have gone to some neighborhoods. We have to stimulate and support everything the People's Councils are doing there.

The UJC had a very fine experience during the summer. I was in La Corea, in San Miguel del Padron, in El Canal del Cerro, and I saw how people came out and how happily they welcomed the artists. Even local people, young people who live there, can generate activities within a community.

For a time we did not do all we should have in the neighborhoods. One speaks with older people who show a sense of belonging, saying: "I am from Vibora, I come

from Lawton, San Pedrito, from Condado, from Regla, etc." We have to revive that feeling, which is alive in older neighborhoods, and we have to inculcate it in newer areas.

[JUVENTUD REBELDE] What is the reason for the UJC's emphasis on strengthening specific values in young people?

[Contino] The affirmation of values is the basis for being revolutionary. And when I speak of ethical, moral, and patriotic values, I include a knowledge of our history, of our roots, knowing where we came from, the efforts we made to become independent.

This is not a campaign. Campaigns are conducted for other things, but this is the very essence of the UJC's responsibility. We have not given up communist education, nor are we going to. The nation, independence, honesty, dignity, and courage are feelings that must be cultivated from infancy. The UJC, now more than ever before, cannot exist without the political will to transmit and promote those values.

[JUVENTUD REBELDE] Why now more than ever before?

[Contino] We have had to take a number of unpleasant steps that perhaps in another historic and economic context, with the world and Cuba in another situation, we would have done differently or not at all. These steps affect our very life. Like legalizing foreign currency.

Since the last party congress we have been talking about these issues. I believe that the economic measures we are taking are correct, for the state cannot provide all the little services, especially in the present situation. When a person analyzes the independent work program, the Basic Cooperative Production Units, he finds that this reinforces individual responsibility. When everyone receives in accordance with what he contributes, the workers make a much greater commitment to production. A solution for paternalism and overprotection begins to appear.

We must continue experimenting and perhaps some of these measures may lead to others. The important thing in political work is to know how to fit together smoothly individual interests and society's interests. The worker who receives tips from tourism, an income through his own individual work, or the cooperative's earnings, is the beneficiary of our social achievements.

In socialism it is not possible to rely solely on economic incentives. We have not renounced the new man of whom Che dreamed, for he is among us, in everyday heroism. By integrating economic incentives and revolutionary ideology we will continue to defend Che's thoughts.

[JUVENTUD REBELDE] Don't economic changes presuppose a contradiction between revolutionary ideology and economics?

[Contino] Why are we legalizing foreign currency, why do we have to solve the problem of the amount of currency in circulation, why the organizational changes in sugarcane and nonsugarcane agriculture? We are making these economic changes in order to defend our ideology, to defend the things we have already achieved, so we will not lose them. If socialism were lost, we would lose our independence, our sovereignty. We would lose ourselves.

What we have to realize is that our political work must be done as fast as the economic changes, and perhaps even faster. We must explain to people why we are doing things, what problems exist, the cause of some measures that may be unpleasant, and the need for the people to take part in these solutions, in order for them to understand. That is what gives us our freedom, independence, and the possibility of talking here today.

I believe that our only possibility is for the people to realize fully why we are doing these things. A person who uses any excuse to oppose these measures is in a certain way slowing down our development. The most revolutionary, the most advanced position is to support these transformations, even though we understand that this cannot happen from one day to the next.

[JUVENTUD REBELDE] The critics of the liberalization of the dollar say that may cause an increase in social differences....

[Contino] That cannot be turned around. We are going to have differences and saying anything else would be a lie. Now there are people who can buy goods in special stores that have been set up for that purpose, and others who cannot. That is going to have an impact on us, our families, and children. But what we cannot lose sight of is that we have equality in the basic and essential conditions. That is, the difference in purchasing power must not make us fail to appreciate at their full value the benefits socialism has brought us.

There are many things in which we are all equal. One of the nation's largest budgets is invested in education. In Cuba there are 270,000 teachers, all with jobs, 2.7 million students, a health care system that last year achieved an infant mortality rate of 10.2 per 1,000 babies. Here it costs no one $250 to have a tooth pulled or $6,000 for gall bladder surgery, not including the hospital charges. Skin color and sex are not considered, a person is not asked about his religious preference before being admitted to a hospital or a school, or when you take your coupon book to buy the basic goods you need to live.

[JUVENTUD REBELDE] We know that in the Cuban community of the United States pressures are mounting from some sectors for a cessation of the embargo. Also, young people are coming to Cuba in solidarity with those of us who live here. Does the UJC maintain relations with the young people in that community?

[Contino] The Cuban community is quite heterogeneous with a broad spectrum of political views. According to a study done by Johns Hopkins University, in the U.S. Cuban community there is a significant percentage against the embargo. I think family ties are strong and what many people want is to see their families and to find a way to help them. That is reality, and we have to understand that.

Even Lucius Walker said that the Caravans of Friendship brought messages of solidarity from Cubans living there. They have sent medicines, not only for their own families, but also for the people of Cuba, giving them a much greater dimension. Of course, there is an ultraright with substantial economic resources, like the Mas Canosa group, that is trying to manipulate and worsen Cuban-U.S. relations. We have nothing to say to those people.

The UJC certainly has contacts with the Antonio Maceo Brigade, with the Workers Association, and with young people who have come on their own to see what our country is like, and not just how it is portrayed in the North American press.

[JUVENTUD REBELDE] What is the socialism that the UJC defends?

[Contino] It is the socialism that means that I do not exploit you and you do not exploit me, that here no one is an appendage of anyone else. This socialism has provided us with education, health care, social security, civic tranquility, and social justice. It is the revolution that protects us all and that we must all protect and improve, with everyone giving the maximum he can and receiving compensation for what he does, so that all of society may benefit.

We defend legitimate, antidogmatic socialism, which is compatible with national idiosyncrasies, with the specific situation prevailing in these times, which in Cuba is Cuban socialism.

We defend the socialism that generates the happiness of the Cuban people.

We defend the revolution with socialism and socialism in the revolution.

The UJC defends the socialism of Fidel and with Fidel.

## Antigua and Barbuda

### Home of Antigua Labor Party Chairman Firebombed

*FL1611004393 Bridgetown CANA in English 1746 GMT 15 Nov 93*

[Text] St John's, Antigua, 15 Nov, CANA—Antigua and Barbuda police Monday were investigating the firebombing of the home of ruling Antigua Labour Party (ALP) chairman, Vere Bird, Jr.

Assistant Police Commissioner Haynesworth Buckley told CANA a molotov cocktail was thrown at the wooden home of the government parliamentarian just after midnight Sunday.

Minor damage was caused, Buckley said. Bird, eldest son of Prime Minister Vere Bird, Sr. was not at home when the incident occurred. A motive has not been pinpointed.

## The Bahamas

### Doctors Protest, Demand 65-Percent Wage Increase

*FL1611015693 Bridgetown CANA in English 1806 GMT 15 Nov 93*

[Text] Nassau, Bahamas, 15 Nov, CANA—About 40 doctors at state-owned Princess Margaret Hospital telephoned in "sick" at the weekend as government here refused to increase pay.

Senior doctors took over the accident and emergency department as junior doctors and interns stayed away from work. Clinics within the hospital remained closed and all elective surgery was cancelled.

Junior doctors and interns, who started a work-to-rule last Tuesday, are demanding a 65-percent wage increase in their annual base salaries of U.S. 17,500 and 27,000 dollars respectively. In addition to their salaries, interns receive housing and food amounting to 6,000 dollars a year.

A spokesman for the prime minister's office said Sunday government will not allow the actions of a small number of disaffected members of the medical staff to jeoparadise the health of the nation. The spokesmen said government's commitment to increase the salaries of 18,000 civil servants by a total of 12 million dollars would not be derailed. The doctors' demands would amount to a total of about 12 million dollars.

While acknowledging a need to correct the "longstanding injustice perpetrated against doctors," government was also mindful of its commitment to contain spending and prevent an unconscionable tax burden for future generations of Bahamians, the spokesman said.

Government has offered doctors an across-the-board increase of 1,000 dollars a year, in addition to a monthly allowance of 300 dollars, which would bring their salaries in line with other professional civil servants, except for dentists who make more. In addition, doctors would receive whatever increases the public services union negotiates for equivalent civil servants.

## Dominican Republic

### IS Official Favors Haiti Intervention

*PA1211153993 Madrid EFE in Spanish 1443 GMT 12 Nov 93*

[Text] Santo Domingo, 12 Nov (EFE)—Jose Francisco Pena Gomez, vice president of the Socialist International (IS), admitted today that military intervention is the only solution to the Haitian crisis, a solution he had opposed until today. The Dominican social democrat and president of the IS for Latin America and the Caribbean, admitted in statements to the "This Very Day" television program that the Haitian people are defenseless, prisoners in their own land, and that their representatives are incapable of resolving the crisis.

Likewise, the Haitian people cannot speak freely on the streets and they are terrorized by the "death squads" that carry out their actions at night, Pena Gomez, presidential candidate for the Dominican Revolutionary Party (PRD) in the 1994 elections, added.

The PRD leader added that overthrown Haitian President Jean-Bertrand Aristide could have headed a national unity government which, in Pena Gomez' opinion, would have enabled a more democratic transition. "But, this has not been possible, first because of the stubbornness of Aristide who ruled without a party, and later due to the stubbornness of the military that refuses to accept the agreements made during the talks." Therefore, "the only other alternative is the use of force," Pena Gomez admitted.

## Grenada

### Autonomy Sought for Carriacou, Petit Martinique

*FL1211193093 Bridgetown CANA in English 1709 GMT 12 Nov 93*

[Text] St. George's, Grenada, 12 Nov, CANA—A committee chaired by a Grenada lawyer has been seeking self-rule for the ward islands of Carriacou and Petit Martinique. It also wants these islands to have a closer economic relationship with St. Vincent and the Grenadines.

Chairman of the committee for greater autonomy and independence, lawyer Anslem Clouden told CANA the infrastructure on both islands collapsed because of "callous" neglect by the central government in St. George's over the past 20 years. Clouden said his committee was not urging total independence, but a closer relationship similar to that between St. Kitts and Nevis.

"It is in that context that the committee is contemplating forging some economic cooperation with our sister island of St. Vincent and the Grenadines," he told CANA. Clouden said the issue has been brought to the attention of the United Nations Committee on Decolonisation but "was not being pushed", to give central government a chance to made good on promises to improve the situation. He said in the case of Carriacou, the Grenada Government should follow a decision by the St. Vincent and the Grenadines Government to place priority on the development of the Grenadine islands. "For a very long time, Carriacou has been clamouring for a duty free port and two governments have promised that but up till now neither has delivered," he complained.

Clouden was referring to election promises by the Nicholas Brathwaite administration and the former New National Party (NNP) administration of former prime minister Herbert Blaize to establish a free port in Carriacou, which up to now has not materialised. Blaize and Brathwaite were born in Carriacou and represented the islands in parliament.

## Haiti

### FRAPH Urges Population 'To Attack' Deputies

*FL1611231493 Port-au-Prince Radio Metropole in French 2000 GMT 16 Nov 93*

[Text] The Revolutionary Front for Haitian Advancement and Progress, FRAPH, is opposed to the return to Haiti of the UN mediator, Dante Caputo, and the OAS civilian mission. The leaders of this organization made these statements in a news conference this afternoon. FRAPH also announced its decision to bring an action against the terms of reference of the UN Mission for Haiti, MINUHA, and its contributing to the formation of a new police force and to modernization of the Armed Forces. Our correspondent Edner Jean reports live:

[Jean] Indeed, FRAPH seems to want to go further in its demands. FRAPH has decided, beginning tomorrow, to bring an action against the terms of reference of the [word indistinct] between Prime Minister Robert Malval and Dante Caputo. FRAPH also announced the dissolution of the parliament, and asked the population to attack the deputies. I am quoting statements by Jodel Chambelain who asked that the population go to parliament and tie up the deputies who, according to him, do not do the work that the population expects of them.

FRAPH states that it formally opposes the return to Haiti of Dante Caputo and that for FRAPH, whatever happens to him will be his personal matter. FRAPH also stated that if anyone notices the presence of members of the civilian mission, the individual should categorically oppose the presence of the civilian mission in the country. More details in the next broadcast.

### Aristide Replies to Cedras' Comments

*FL1611170393 Port-au-Prince Signal FM Radio in French 1130 GMT 16 Nov 93*

[Text] General Raoul Cedras, head of the Haitian Army, has stated in an interview granted to the Parisian daily

LE FIGARO published today that we need a true government of concord in which all parties ranging from the left to the right will be represented. The general again sharply criticizes President-elect Jean-Bertrand Aristide. Cedras says he believes Aristide does not really want to return; Prime Minister Robert Malval made him believe that. Aristide has never been a democrat, rather he is a hard-core militant with fixed ideas, Cedras adds. Aristide has forgotten what he signed as far as the Governors Island agreement is concerned.

Raoul Cedras was also critical of UN/OAS mediator Dante Caputo, who has very badly played his role: The international community asks me to respect principles whereas it does not respect any. Concerning a U.S. incursion, it would be a pity for us and for Clinton. What would he win in this matter? I can assure you that it would be a complete failure. I am not asking for an amnesty for myself. As far I am concerned, I can decide to leave, to take the first plane and then go to work elsewhere. I want the amnesty for the simple soldiers, the basic policemen, those against whom Aristide (?will launch his vengeance through his rabble) once he returns. I want a law that makes that impossible, Gen. Cedras told the daily LE FIGARO.

But President Jean-Bertrand Aristide's reply was given yesterday during an interview. President Aristide stated that his government would not open itself to other parties before the resignations of the heads of the Army and of the police. Let us listen to Aristide.

[Begin recording, in Creole] Let us begin with Gen. Cedras, [Lieutenant] Colonel Michel Francois, and the others who side with them in continuing to assassinate the Haitian people. Even though you continuously hear about an opening, nothing will happen. We are willing to open the government more—because it has already been opened—so we patriots, honest and competent citizens, democrats, can be part of it once the dagger is removed from the throat of the Haitian people. We want to get together so we can build a country where everyone's right is respected, where everyone must respect everybody else. [end recording]

## Reinstated Senators Call for National Conference

*FL1511225993 Port-au-Prince Radio Metropole in French 1900 GMT 15 Nov 93*

[Text] The 18 January Alliance senators are calling for a national conference to solve the crisis. Edner Jean reports live:

[Jean] The 18 January senators have stood firm until now, and today launched a new initiative to solve the crisis. These senators, who received the support of two senators elected 16 December, Sen. Dupiton and the secretary of the Chamber office, have launched the idea of a national conference to solve the crisis. According to them, this national conference should form a committee of public protection to manage the crisis.

The senators again criticized the international community and [word indistinct] which, according to them, is responsible for the country's misfortunes. Further details in the next broadcast.

## Legislators Blame Senate President for Stalemate

*FL1611224993 Port-au-Prince Radio Tropic FM in French 1700 GMT 16 Nov 93*

[Report by Gary Belizaire on news conference by the Alliance for Parliamentary Cohesion, ACP, in Port-au-Prince on 15 November—recorded]

[Text] The parliament members elected during the controversial 18 January elections say they are ready to participate in any parliamentary sessions for voting on the amnesty law and the law on the separation of the police and the Army. These parliament members came out on 15 November in favor of a national conference. The following is a report by Gary Belizaire.

[Begin recording, in Creole] [Belizaire] It runs out of president, it runs out of government, and it runs out of parliament. [as heard] So a national conference must be held as soon as possible. This is the statement of the ACP senators and the 18 January parliament members during a news conference on 15 November. According to Senator Thomas Eddy Dupiton, this conference should lead to the formation of a public safety committee aimed at saving the country.

[Dupiton] We have reached a point where we realize that only a public safety committee can save the country, in view of the resignation of a number of people.

[Belizaire] During their news conference, the ACP senators criticized Sen. Firmin Jean-Louis, president of the Senate. According to these people—in particular, Sen. Thomas Eddy Dupiton—Firmin Jean-Louis is responsible for the entanglement in the Senate of the Republic, which has prevented it from issuing a verdict on various highly patriotic questions.

[Dupiton] The president of the Senate has refused to convene a session in assembly so that we could debate the issues as parliamentary brothers. The president of the Senate has seen that we have decided to work. We say we are going to sit in parliament. Journalists can testify that they came here and saw us waiting in good faith for these others to come so we could discuss highly patriotic issues.

[Belizaire] The 18 January parliament members, who were criticizing the president of the Senate, the National Front for Change and Democracy, President Aristide, and the international community, stated once again, tooth and nail, that they are no longer bound by the New York pact. Sen. Margaret Martin did not hide her opinion. She straightforwardly stated that the 18 January parliament members would go to the Senate to vote on the amnesty law and the law on the separation of the police and the Army. [end recording]

## Gas Stations Resume Activities on 16 Nov

*FL1611163893 Port-au-Prince Radio Metropole in French 1145 GMT 16 Nov 93*

[Text] The oil companies are reopening their pumps and resuming their activities. The three corporations represented in Haiti—Shell, Texaco and Esso—have resumed the normal distribution of oil products. As of last night, gas stations in the capital, where many cars had been parked, have been crowded. Actual distribution, which starts today, could last a month and a half if it is done without rationing. Nevertheless, the release of the stocks frozen for the last three weeks will cause the resumption of business and make easier the running of schools, which has been handicapped since the start of the new school year on 11 October. As a consequence of the resumption of delivery, Port-au-Prince police have issued some instructions in order to prohibit the sale of oil products in containers. Police remind gas stations owners in the capital and its surroundings of the prohibition against the sale of inflammable products—such as gasoline and oil—in containers, in compliance with the 7 September 1949 law governing the storage, handling, and trade of inflammable products. The military department of the metropolitan area counts on the cooperation of gas station owners for the actual application of this measure taken in concern for the security of all.

## MRNH Lauds ANADIPP Action on Fuel Distribution

*FL1211205293 Port-au-Prince Signal FM Radio in French 1130 GMT 12 Nov 93*

[Excerpts] On behalf of the entire Haitian people, the various economic entities that use fuel, and the consumers depending on them, the Haitian Nationalistic Republican Movement [Mouvement Republicain Nationaliste Haitien, MRNH] congratulates and thanks the National Association of Petroleum Products Distributors, ANADIPP, and the [Haitian] Chamber of Commerce [and Industry, CCIH] for their courage and their patriotic intervention before our country's Justice Department so that foreign companies operating in our national territory supply fuel and respect their contractual obligations relating to regular delivery of the fuel supply in Haitian territory.

MNRH joins the other democratic and nationalistic forces of our country in hailing the judicial victory of ANADIPP and CCIH as a major step toward the establishment of a state of law in Haiti. [passage omitted]

MNRH believes it useful to suggest that, in view of the manifest irresponsibililty of the current government in wasting the strategic stock under its control, the available stock of fuel be managed jointly by those worthy national institutions, ANADIPP and CCIH. This news release is signed by Jean-Juste Destin, secretary general.

## 'Misery' of Living Conditions Reported

*FL1611221793 Port-au-Prince Radio Metropole in French 1700 GMT 16 Nov 93*

[Text] A month after the reimposition of sanctions, our correspondent in Les Cayes assesses the effects of those measures:

[Begin recording] Good afternoon, ladies and gentlemen: There is almost no water, no medicine, no electricity. The communication network is nearly impossible, vehicular traffic is at a standstill, misery has reached its limit. The Department of the South, notably the city of Les Cayes, is plunged into a most difficult situation about a month after the reimposition of the UN sanctions against Haiti.

If life was moving slowly before, this week it is nearly stopped. Activities are almost at a dead standstill. Let us say that they are on their last breath.

As far as public transport is concerned, vehicles assuring transportation for Les Cayes and other regions are very scarce. Most of them are parked due to a shortage of fuel, which is not available at the gas pumps, and which costs up to $25 from a private person. The result is that public transportion is very expensive, and those who cannot afford it must walk from one region to another.

This same gasoline problem is effecting the power company because, as a result of the dry season, the Saut Maturine hydroelectric power station does not produce enough water to operate the turbines. The Bodette power station does not have fuel to activate the engines, with the result that the South Department is immersed in a blackout day and night, a situation with grave repercussions for the business sector, and which leaves retail and wholesale vendors, supermarkets, small shops, restaurants, and larger stores in big trouble. Radio and TV stations barely operate except those that receive two hours of electricity a day. The others have closed their doors.

Besides gas and electricity problems, people in Les Cayes face great difficulty in finding water, which is an essential element in every person's life. This situation is no different for health centers, which face grave difficulties in serving patients. Many students cannot afford school tuition; some must stay home because their parents, most of them state employees, have not been paid for several months. In addition to all these problems, misery remains the master of the department and has already caused some casualties among the population, according to reliable sources.

People have difficulty describing all the problems that the South Department, notably the city of Les Cayes, has been facing for quite some time. These problems have gotten worse with the reimposition of UN sanctions.

It should be pointed out that people who closely follow the evolution of the political situation have differing opinions on a solution to the crisis. Some believe that

reimposition of the sanctions on Haiti as a way to force application of the Governors Island accord is an unfair decision, given Haiti's inability through lack of resources to resist such sanctions. They believe that all of the nation's strong forces should unite with one voice to demand that the international community lift the sanctions.

Others feel that despite all the problems, reimposition of the sanctions is the only peaceful way to return to constitutional order, and that one cannot speak of lifting the sanctions without also discussing the situation that created them, since there is no effect without a cause.

A third category of opinion is that the concerned parties should make some compromises to benefit the Haitian nation, preventing the country from facing more sorrow. In any case, regardless of which solution one favors, one fact is certain: The Department of the South, notably Les Cayes, is immersed in a misery which threatens to become even more complicated before a solution is found to the political crisis. Duperval Joseph Frank, Les Cayes, for Radio Metropole. [end recording]

## St. Lucia

### Compton Agrees To Meet Striking Radio Workers

*FL1611004193 Bridgetown CANA in English 1453 GMT 15 Nov 93*

[Text] Castries, St. Lucia, 15 Nov, CANA—A week-old strike by workers at the state-owned Radio St. Lucia [RSL] is scheduled to end at noon Monday, following a decision by Prime Minister John Compton, who is responsible for information and broadcasting, to meet representatives of the disgruntled workers, trade union sources said.

Normal programming at the radio station was disrupted last Tuesday as staff protested working conditions and voiced support for outgoing general manager and former secretary general of the Commonwealth Broadcasting Association, Alva Clarke. Clarke was fired by Compton.

The Civil Service Association (CSA) which represents RSL staff and sanctioned the protest action, had threatened that if the meeting with the prime minister did not take place, employees of the radio station would resume their action.

A date is to be decided for the scheduled meeting with Compton.

## Colombian Minister: NAFTA Good for Nation

*PA1711011393 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 17 Nov 93*

[Text] On the eve of the U.S. House of Representatives vote on the North American Free Trade Agreement [NAFTA], Colombia, through Foreign Trade Minister Juan Manuel Santos, tells us why a yes vote for NAFTA would benefit Colombia.

[Begin Santos recording] First, a yes vote would send a very important signal to Latin America that the United States is prepared to become part of the rest of the continent.

Second, the United States is our largest market. Right now we are negotiating a free trade agreement with Mexico. As the economies of Mexico and the United States grow rapidly, the demand for Colombian goods will be greater.

Third, since our plan, our policy, calls for integrating all of Latin America and afterwards Latin America and the United States, the approval of NAFTA is an important step in that direction. [end recording]

## Havana Radio Carries Commentary on Upcoming Vote

*FL1611211493 Havana Radio Rebelde Network in Spanish 0000 GMT 16 Nov 93*

["Reflections" commentary by Orlando Contreras]

[Text] Forty-eight hours before the decisive vote in the House of Representatives, the North American Free Trade Agreement [NAFTA] is being treated in the United States almost like a referendum for President Bill Clinton's policy. Vice President Albert Gore said that failure to approve NAFTA would be a catastrophe for the foreign policy of the current U.S. Administration. Meanwhile, Democratic Senator Bill Bradley told a U.S. television network that a NAFTA defeat would endanger Clinton's government, for it would effect (?Clinton's) ability to shape other matters, in addition to imperiling U.S. leadership.

To date, the figures do not appear to be in Clinton's favor: 165 members of the House of Representatives have confirmed their support; another 14 are undecided, although they are leaning toward supporting NAFTA. This adds up to a total of 179 votes. In other words, Clinton needs to convince 53 representatives in order to obtain the required majority: 208 votes.

On the other hand, those opposed to NAFTA have 204 votes assured. Despite these figures, I believe NAFTA will be approved. This is quite a [word indistinct] affirmation, based on a certain political logic.

I do not believe that the current U.S. Administration, harshly criticized both inside and outside the United States for various aspects of its foreign policy, would risk what remains of its credibility on this vote if it were not holding a few sure cards in its hand. Conversely, by stating it in terms of a quasi-referendum, a triumph would give the administration a pat on the back of such grand proportion that it would overshadow well-known failures, some of which Clinton himself has acknowledged. By taking matters to a dramatic climax, the proposal's success would have an equally dramatic effect. Of course, a failure would have equally dramatic consequences.

Convincing over fifty undecided congressmen within 48 hours would highlight President Clinton's political talent to its maximum exponential value, and would, consequently, constitute quite a coup, producing an impression of such magnitude that it would (?counter) President Clinton's perceptible drop in popularity in the polls of the last few months.

The political machinery favoring a triumphant NAFTA vote is working. Last week, Vice President Albert Gore defeated the virulent, contradictory, and ultraconservative Ross Perot by a knockout [preceding word in English] in the CNN television debate.

If the logic holds—the political logic, I mean—President Clinton, despite his strong disadvantage just 48 hours before the NAFTA vote, should score a tight but spectacular victory. If he fails, it will turn out to have been a gross miscalculation—or, to use Vice President Gore's own words: It would be a catastrophe for his foreign policy.

## Aspe Presents 1994 Budget Bill to Congress

*PA1611200293 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 16 Nov 93*

[Report by Juan Jose Prado from the "Good Morning Mexico" newscast; passages within quotation marks are recorded]

[Text] Finance Secretary Pedro Aspe has appeared before the Chamber of Deputies. He presented budget bills for the Mexican Government and the Federal District for 1994.

Speaking about the objectives of the government's economic policies for 1994, Mr. Aspe said Mexico has the elements to set encouraging goals with realism in areas of economic stability, structural adjustment, and social welfare.

[Aspe] "As for the consolidation of the fight against inflation, we intend to set a 5-percent inflation goal for next year."

This is how the Mexican finance secretary summed up the country's economic future for 1994:

[Aspe] "The goals of the country's 1994 economic policy, as has been the case throughout this administration, go beyond the mere objective of lowering inflation and encouraging economic growth. The final objective is to achieve better living conditions and social justice for all Mexicans."

The Mexican finance secretary presented the deputies with the revenue bill for 1994.

[Aspe] "For the second consecutive year the Executive Branch will not submit to the Legislative Branch the initiatives to reform, add, and repeal the various fiscal provisions, which means there will be no fiscal miscellany [miscelanea fiscal] in 1994."

As for the budget, he said:

[Aspe] "We are submitting for your consideration a net budget expenditure for 309.04 billion new pesos for 1994, which represents a real increase of 2.6 percent with regard to the 1993 budget."

For an idea on how the 1994 federal budget will be allocated once it is approved, we are going to give you some important figures:

1. A total of 54.485 billion new pesos will be allocated for education, which is 14.4-percent higher in real terms than the 1993 figure. Education expenditures will show a real cumulative increase of 101 percent by the end of this administration.

2. A total of 51.831 billion new pesos will be allocated for health and social security, which is a 8.5-percent higher than in 1993.

3. A total of 47 billion new pesos will be allocated for public investment to strengthen the country's basic infrastructure, which is 10-percent higher than in 1993.

4. A total of 46.947 billion new pesos will be allocated for the energy sector. A total of 25.559 billion new pesos will be allocated for Mexican Petroleum. Investment expenditures will show a real increase of 10.8 percent. A total of 22.701 billion new pesos will be allocated for electricity.

5. A total of 15.206 billion new pesos will be allocated for the development of the country's rural areas, almost 33-percent more than in 1993.

6. The budget for the National Solidarity Program will amount to 8.809 billion new pesos, to which we may add the contributions of state and municipal governments as well as those of the beneficiaries themselves. It represents a real increase of 5.4 percent over 1993.

7. A total of 6.107 billion new pesos will be allocated for urban development, potable water, and ecology. The goal is to intensify the measures to improve the quality of the environment. It represents an increase of 9.3 percent with regard to 1993.

The finance secretary spoke about the North American Free Trade Agreement and the Mexican economy.

[Aspe] "It is fitting to note that NAFTA is an additional treaty of economic policy, the application of which will be gradual over the next several years. The impact of its approval or rejection will be felt in the long run."

The objective of the budget bill for the Federal District is to update the property and construction tax rates based on the inflation rates recorded between November 1992 and November 1993. The presidency of the Chamber of Deputies accepted the initiatives presented by Finance Secretary Pedro Aspe, who will return on 22 November to explain them in detail.

## PRI Candidates Win Elections in Mexico State

*PA1611192993 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 15 Nov 93*

[Text] Elections were held in Mexico State yesterday. Institutional Revolutionary Party [PRI] municipal president candidates won neatly in nearly all of the state's 16 largest municipalities. There was one exception, however. In Cuautitlan, the National Action Party [PAN] candidate won. The state consists of 121 municipalities.

PRI won 53.93 percent of the vote, PAN 20.6 percent, and the Party of the Democratic Revolution [PRD] 8.26 percent. In Toluca, the capital, the PRI candidate won with 61 percent, while the PAN candidate received 21 percent. In Huixquilucan, PRI received 18 percent and PAN 18 percent. In Naucalpan, PRI won with 5 percent over PAN's 21 percent. In Tlanepantla, PRI won with 58 percent, while PAN received 20 percent and PRD garnered 12 percent. In Nicolas Romero, PRI defeated PAN

with 53 percent of the vote, compared to 33 percent. In Natizapan, PAN received 33 percent, one of its best figures. Even so, PAN lagged far behind PRI's candidate, who received 52 percent.

In Cuautitlan Ixcali, PRI received 53 percent and PAN 28 percent. In Tutiplan, PRI received 56 percent, PAN 21 percent, and PRD 14 percent. In Huacalco, PRI won with 52 percent compared to PAN's 22 percent. In Ecatepec, PRI received 56 percent, while PAN and PRD each garnered 13 percent. In Nezahualcoyotl, PRI received 65 percent, while PAN and PRD again tied with 10 percent of the vote each. In Chalco, PRI received 70 percent of the vote, PAN 11 percent, and PRD 8 percent. The election was hard fought in Texcoco, where PRI won over PRD by 5 percent. As a result, PRI received 45 percent and PRD 40 percent. In Tepotzotlan, the election was virtually a draw, with PRI slightly above PAN. It is impossible to declare a winner in this municipality. A tight race also occurred in Jocoyoacac, where PRI won with 37 percent over PRD's 27 percent. In this municipality, a nonregistered party received an unusually high 22 percent of the vote. In Cuautitlan, PAN retained the municipal presidency with 57 percent over PRI's 34 percent.

**Roundup of Economic Developments 9-16 Nov**

*PA1611180693*

[Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 16 November. Source is cited in parentheses following each item.

The Bank of Mexico has reported that during the month of October the national consumer price index increased by 0.4 percent from September. This is the lowest inflation registered in 21 years. An increase of 0.6 percent was recorded in the basic shopping basket index in October. The Bank of Mexico reported that annual growth of the national consumer price index from October 1992 to October 1993 registered a 9.14-percent increase. Also, from October 1992 to October 1993, the basic shopping basket index registered an annual growth of 7.9 percent. The monthly report of the Bank of Mexico also noted that accumulated inflation so far this year totalled 6.72 percent. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 10 Nov 93)

Following an 11 November evaluation meeting on the Stability, Competitiveness, and Employment Pact, important price reductions for several consumer items were announced. Meat prices will go down by 15 percent; prices of milk distributed in polyethylene containers will decline 23 percent; some medicine prices will drop by as much as 68 percent; prices on 42 items of stationary will fall 12 percent; and chicken prices will drop 20 percent. The Secretariat of Finance and Public Credit (SHCP) has submitted to the Chamber of Deputies a bill that proposes a retroactive wage hike of 10.8 percent in salaries, according to Moises Callejas Garcia, juridical adviser of the Mexican Workers Confederation. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 12 Nov 93)

On 14 November, the Mexican Government presented to Congress a report on the economic situation, indicating that Mexico's foreign gross public debt through 30 September totalled $79.3820 billion (21.8 percent of GDP). According to the report, foreign public debt declined by $315 million from the previous period. Official estimates indicate that, through August, public debt totalled $121 billion, the highest nominal amount in the nation's history. The report concluded that debt servicing payments so far this year have totalled $6.5480 billion, of which $5.2170 billion were earmarked for principal amortization and $1.3310 billion were destined for interest payments. (Paris AFP in Spanish 2208 GMT 14 Nov 93)

The SHCP reported on 14 November that the Government of Mexico, through September, registered a positive balance in public finances estimated at $4.4496 billion. A report on the economic situation indicated that in the first quarter of 1993 the SHCP obtained budget revenues of $70.4263 billion, a 2.2 percent increase over the same period last year. Total public sector expenditures amounted to $65.2223 billion. (Madrid EFE in Spanish 0034 GMT 15 Nov 93)

## Costa Rica

### Presidency Minister on Withdrawal of AFL-CIO Charges

*PA1711030693 San Jose Radio Reloj in Spanish 0100 GMT 17 Nov 93*

[From the "Radio Reloj" newscast]

[Text] Costa Rica has emerged victorious from the accusation filed by U.S. labor unions. Costa Rica attained an unprecedented victory when the accusation filed before the U.S. Commerce Department by the AFL-CIO alleging that there is no freedom for unions in our country was withdrawn.

Presidency Minister Rolando Lacle Castro said that the withdrawal of the accusation has been officially communicated and that this is a milestone in history, because the AFL-CIO had never before withdrawn a lawsuit of this kind. I want to say that this is a victory for Costa Rica and for Costa Ricans, because the government has been able to gather the support of the different sectors of the country in the face of an accusation that was considered completely unfair, Lacle Castro added. Businessmen, labor unions, deputies, political parties, and the country in general contributed to this.

The presidency minister stated his recognition to the different sectors that collaborated in the government's struggle since it learned the charges had been filed. The Union of Chambers [Costa Rican Union of Private Enterprise Chambers and Associations] and businessmen have understood the seriousness of a negative result to this lawsuit. The labor unions have collaborated because we established contact with them; the political parties and the poor of the state have collaborated, added Lacle Castro.

The Legislative Assembly acted with speed despite interferences that arose; the Constitutional Court issued a historic resolution, and the government mission that traveled to Washington last week completed a national effort at solving this problem, with which we have attained a victory, said the presidency minister.

The government's firm position was a decisive factor for attaining this victory. We have won an international battle, thanks to the government's firm and decided position since the first moment of this situation, and, taking the affair seriously, we said we would get the country out of this problem, said Presidency Minister Rolando Lacle Castro. Today I can tell the country that all Costa Ricans can be happy because Costa Rica has won again because the U.S. authorities and the leaders of the AFL-CIO unions have understood that the guarantees offered by this country to the labor unions, the workers, and union leaders are not offered by many countries in the world, the presidency minister added. Costa Rica saved its exports to the United States, which total more than $450 million.

With the settlement of the AFL-CIO accusation against our country, Costa Rica saved approximately $450-million worth of exports to the United States. The charges of a lack of freedom for labor unions meant that our country would have been eliminated from the Generalized Preferential System, without which our products would have been unable to enter the United States without paying tariffs.

Because the charges have been withdrawn, there is no reason for another such accusation to be filed, because the deadline for a revision has expired and—although this kind of revision is made every year—Costa Rica has the pertinent legislation and it is expected that, with this legal action, Costa Rica will have an improved reputation, as some have a distorted view of the Costa Rican reality, said Presidency Minister Rolando Lacle Castro.

### Presidential Candidate Welcomes AFL-CIO Stand

*PA1711032393 San Jose Radio Reloj in Spanish 0100 GMT 17 Nov 93*

[From the "Radio Reloj" newscast]

[Text] Dr. Miguel Angel Rodriguez, presidential candidate of the Social Christian Unity Party [PUSC], said that the U.S. labor unions' withdrawal of their lawsuit against Costa Rica is most important.

[Begin Rodriguez recording] This is undoubtedly most important for and beneficial to Costa Rica. The fact that the U.S. labor unions have withdrawn their lawsuit assures Costa Rica that it will be able to place its products on the U.S. market under advantageous conditions.

This is a great success for this administration and for the country. It has been secured thanks to the understanding of all business and labor groups and the Costa Rican Government, all of which came together and set aside their differences to face this problem and make sure that Costa Rica will be able to market its goods without export, unemployment, and income problems.

This is wonderful news that pleases all of us and makes us happy with the suitable way in which this problem was handled by the national authorities. [end recording]

### Roundup of Economic Developments

*PA1611221993*

[Editorial Report] The following is a compilation of reports on Costa Rican economic developments monitored through 16 November. Source follows in parentheses after each item.

The Economy, Industries, and Commerce Ministry has reported that the consumer price index, which is used to measure inflation, grew .96 percent in October, for an accumulated 6.92 percent during the first 10 months of 1993. (San Jose LA NACION in Spanish 2 Nov 93 p 40A)

Deputy Foreign Trade Minister Bernardo Kooper has reported that exports from January to October 1993 totaled $2.148 billion. He said that traditional exports, bananas and coffee, have remained stagnant due to the crisis with international prices. He added that from October 1992 to October 1993 tourism increased 13 percent and exports 20 percent. Kooper said the government expects exports to grow by 17 percent by the end of 1993, totaling $2.7 billion. (San Jose LA REPUBLICA in Spanish 6 Nov 93 p 14A)

The Center for the Promotion of Exports has reported that Costa Rican exports increased 12 percent during the first 10 months of 1993, compared to the same period in 1992, totaling $1.727 million. Meanwhile, according to Central Bank statistics, accumulated imports totaled $2.179 million in September. The commercial deficit was $607.5 million, and economists in the opposition have estimated it will total $1 billion by the end of the year. (Paris AFP in Spanish 1159 GMT 10 Nov 93)

Central Bank President Jorge Corrales has estimated that the Costa Rican gross national product will grow at least 5 percent in 1994. He added that next year the government will continue with the liberalization policies and commercial opening "without resorting to drastic measures" to control the large commercial deficit, which is estimated at $800 million this year. Total exports in 1993 are expected to be approximately $2 billion, of which 60 percent are nontraditional products, while imports are expected to grow 18 percent. Corrales added that the country's accumulated economic growth for the past two years is 14 percent and that the GNP is expected to grow 6 percent. He also reported that the unemployment rate will be approximately 4 percent, and inflation will be less than 12 percent. (Mexico City NOTIMEX in Spanish 0906 GMT 10 Nov 93)

## El Salvador

### Roundup of Economic Developments

*PA1611233393*

[Editorial Report] Mexico City NOTIMEX in Spanish at 1551 GMT on 9 November reports that the Central Reserve Bank announced on 9 November that the renegotiation of the Salvadoran foreign debt, which totals $1.146 billion, produced savings of $678 million, as a result of debt condonations, the reduction of interest rates, and payments with creditor notes purchased with discounts.

## Guatemala

### President, Congress Reach Crisis 'Solving' Agreement

*PA1611191693 Panama City ACAN in Spanish 1738 GMT 16 Nov 93*

[Text] Guatemala City, 16 Nov (ACAN-EFE)—Guatemalan President Ramiro de Leon Carpio and representatives of parliament today reached agreement on holding parliamentary elections early next year, thus solving the crisis that has prevailed in the country since the "self-inflicted coup" by Jorge Serrano.

Monsignor Gerardo Flores, president of the Guatemalan Bishops Conference who promoted a dialogue between the Executive and Legislative Branches in order to prevent a confrontation, told the media that the agreement, which is still a preliminary one and whose details are being negotiated, will be signed today, Tuesday. The commitment will allow replacing the current congress, which President de Leon is determined to purge totally through new elections, but the formula and the number of deputies to be elected will have to be approved by the current legislators.

According to the Bishops Conference, the agreements will not affect Ramiro de Leon Carpio, who will remain president until 1996, just as it was decided on 6 June in order to solve the democratic crisis generated by the coup d'etat staged by former President Jorge Serrano, who was granted asylum in Panama.

The date for holding the elections will depend on the date for implementing the constitutional reforms that the president and a delegation of 116 Congress deputies negotiated during the last two weeks at the Bishops Conference. One of the negotiated points pending ratification is the request by the Supreme Electoral Tribunal (TSE) calling for legislative elections 15 days after the constitutional reforms are in effect and of holding these elections four months later.

The new Legislative Assembly would be installed one month later and its first mission would be to form the Nomination Commissions (bodies created with the reforms), which will have to present the nine candidates to become members of the Supreme Court of Justice and the new comptroller general of the nation.

The agreement between President de Leon and the deputies was reached after the Constitutionality Court suspended the plebiscite called for 28 November to purge the Congress and the Supreme Court of Justice. With that plebiscite, de Leon was trying to legitimize through votes his demand for the resignation of the 116 Assembly deputies with whom he has maintained a harsh political struggle that has paralyzed the country's activities since August.

In late October, the Bishops Conference urged the parties to give up their personal or group interests and work to solve the difficult situation that is prevailing in the country, where rumors have been circulating for weeks on the existence of an alleged plot to oust the government.

Meanwhile, the peace plan presented by de Leon to the international community for negotiating with the Guatemalan National Revolutionary Unity (URNG) guerrillas, the only one existing in Central America, has not been accepted by the rebels, the Catholic Church, or the people's groups.

Spaniard Manuel Marin, vice president of the EU and commissioner for Cooperation and Development Policy—yesterday in Guatemala, where he in on an official visit—criticized the peace plan because it does not take into consideration the progress made in the process that was begun by former President Vinicio Cerezo (1986-91). According to pol itical sources, the criticism against the peace plan has been one reason that made de Leon change his position and reach an agreement with the deputies and thus prevent the continuation of the deterioration of the political life in the country.

### Labor Sectors Criticize 'Deal'

*PA1711022893 Mexico City NOTIMEX in Spanish 0048 GMT 17 Nov 93*

[Text] Guatemala City, 16 Nov (NOTIMEX)—Popular and labor sectors have characterized the agreement reached today by the Executive and Legislative Branches to end the institutional crisis as "a murky and frustrating political deal." With the approval of a package of constitutional reforms that apparently pleased both sides, the two branches ended the confrontation they had maintained for the past five months.

Nery Barrios, a labor leader, has told NOTIMEX that the 37 modifications included in the bill to reform the Constitution serve only to assure that the class that holds political, military, and economic power in this country will retain it. The labor leader said: "We had no faith in the dialogue. The results have demonstrated that President Ramiro De Leon Carpio, who let himself be cornered and overcome by the deputies, is a fraud." Barrios said the head of state had to sacrifice the referendum scheduled for 28 November to reach the agreement with the deputies, who "on several occasions have put him against the wall."

President De Leon Carpio had convoked a referendum for 28 November to gauge the people's support for the government's demand for the dismissal of 116 Congress deputies and nine Supreme Court justices. Following today's agreement, the referendum, which had been suspended by the Constitutionality Court, was rescinded because the differences between the two state branches have been resolved.

Rosalina Tuyuc, an Indian leader, has brought out the fact that the agreement does not mention anything about human rights violations, the elimination of paramilitary Civil Self-Defense Patrols, or any other social problem. She said: "They have done what they like to do, what they are good at doing. They hustled for their own interests behind the people's backs and then shamelessly revealed the outcome."

Miguel Sucui, a human rights militant and Indian leader, has described the agreement as "a show of disrespect" for the people. He said that organized civilian sectors on Wednesday will make known a point by point report on their position in the face of the reforms bill that will be debated by Congress.

The reforms package envisages the reduction of presidential and congressional periods in office from five to four years, eliminates confidential apportionments in the two branches, and moves up the congressional elections. It also eliminates the post of alternate deputy, prevents the monetary board from releasing investment funds for expenditures by state officials, and prevents the utilization of budget funds to pay the public debt.

The two sides reached the agreement after almost 15 days of negotiations sponsored by the Catholic Church. Through these negotiations they were able to overcome differences that according to experts could have led to a coup d'etat.

### De Leon Warns Referendum Suspension May Spark Violence

*PA1611193793 Guatemala City SIGLO VEINTIUNO in Spanish 15 Nov 93 p 3*

[Report by Marco Tulio Trejo]

[Text] President Ramiro de Leon Carpio said yesterday in Retalhuleu that he fears the Constitutionality Court's decision to temporarily suspend the referendum may trigger a new wave of violence. He added, "Many Guatemalans are unhappy about the suspension of the referendum because they have long awaited a purge of the state branches."

De Leon Carpio said: "It is here where the responsibility of a president, a statesman, and a leader lies, in guiding Guatemalans along legitimate paths to protest and demonstrate to avoid instability and social unrest."

The president said he has faith in the law and justice, adding that he strongly supports the holding of a referendum, either next year or whenever the Supreme Electoral Court establishes a new date. De Leon Carpio indicated: "All of this depends on a favorable decision by the Constitutionality Court to declare baseless an unconstitutionality suit filed by Hector Zachrisson Descamps, a former magistrate of that organization."

### Decision To Suspend Referendum

*PA1611234693 Guatemala City Teleonce Television in Spanish 0400 GMT 16 Nov 93*

[From the "Telepress" newscast]

[Text] President Ramiro de Leon Carpio himself recognized that it is practically impossible to hold the referendum this year, given the provisional suspension decreed by the Constitutionality Court.

[Begin de Leon recording] It would be difficult this year, because, according to the Supreme Electoral Tribunal, 28 November is too late to hold this event, and after that date we have the December holidays, which are not the best time for the people to come cast their votes. I think we could hold the referendum in January.

In any case, January is also a good date for the people, who were already willing to express their will, their sovereignty. This may be the most important thing: that today the polls say support for the president of the Republic is over 90 percent and that there is a will to hold the referendum and to attain the goals, which are the government's purge and restructuring.

The important thing is that in the beginning some thought that the president would be weakened by this resolution, this ruling, but it has turned out to be the opposite. I would say that today the president has been strengthened, because that provisional resolution, the ruling, has united the people. One only needs to go to the interior of the Republic or look at the polls—even here in the capital—to see that the Executive Branch has been strengthened.

Now we have to continue to work on the 180-Day Plan. Today I met with the cabinet to evaluate it and our program for 1994 and 1995, which is what interests us, fighting poverty and bringing progress to the country to attain economic and social stability. [end recording]

After attending the anniversary celebrations of the La Aurora Military Base in Guatemala City, de Leon Carpio addressed reporters and ruled out that there could be a social upheaval as a consequence of the suspension of the referendum. He recognized, however, that there is a general discontent.

[Begin recording] [De Leon] It is untrue that there is a terrible social upheaval, but there is a degree of discontent because the Constitutionality Court issued a ruling that the people took—as we say in popular philosophy—as a cold shower.

We must know how to guide the population, and in this case it is my duty as president of the Republic, as this country's national leader, to guide the public and attain the goals and objectives the people want and desire: the purge, the restructuring, and the constitutional reforms.

[Unidentified reporter] What are the expectations regarding the (?immunity) recourse filed at the Constitutionality Court?

[De Leon] Legally, we believe we are right and that we should win the case with those recourses filed by the Attorney General's Office as the arguments we will present as the Executive Branch. We do not really know, however, how the Constitutionality Court will respond in the final ruling, but, independently from that, the people will attain their objective; that is not doubted. It is historically irreversible. There must be a purge, sooner or later, but there must be a purge at the three state branches. In addition, because there was already a purge at the Executive Branch—at least in a large percentage, maybe there is still some percentage pending—there must be a purge in the Legislative Branch and in the Supreme Court of Justice.

There must be a change of deputies, of magistrates to the Supreme Court of Justice; there must be reforms to the Constitution, a political restructuring, and then the people would attain a victory, not the president of the Republic but of the people of Guatemala, who demanded this after 25 May. [end recording]

## De Leon Carpio Gives Speech on Referendum

*PA1711052393 Guatemala City Radio and Television Networks in Spanish 0330 GMT 17 Nov 93*

[Speech by President Ramiro de Leon Carpio at the National Palace in Guatemala City—live]

[Text] Dear Guatemalans: A few months ago when I adopted, as president of the Republic, the important decision of beginning the process to change Guatemala's political structures, I was aware of the challenge this represented, not only for me but essentially for the Guatemalan people.

The essential thing is not to lose sight of the ultimate goal in this process, which is based on the implementation of in-depth changes that allow us to change the obsolete structures of our society, which lead to the creation of a more solid nation and offer realistic solutions to a nation that deserves to trust the state's institutions and rulers, and, above all, which lead to an active and realistic participation in the political process that will lead to changes in the country.

A series of phases have occurred and a variety of actions have been carried out since I began, as president of the Republic, this process on behalf of a nation that was tired of corruption and impunity. In my first speech dealing with this reorganization, I asked the deputies and Supreme Court of Justice magistrates to conduct a self-purge so that they could effectively achieve that change within the two state branches.

Nevertheless, after waiting for an answer or some action, the phase ended, and the expected results were not achieved. Given that lack of reply and seeking to heed the requests from a nation that requires a necessary change in the structures of power, I asked the Supreme Electoral Tribunal to summon a referendum so that the Guatemalan people could support me, as president of the Republic, to request the resignation of the deputies and Supreme Court of Justice magistrate.

The referendum process continued, despite many objections and legal actions carried out, until the time when the Constitutionality Court suspended it. As president of the Republic, who respects the law, I have abided by the court's decision, although I do not necessarily share it. Nevertheless, I would like to stress to the Guatemalan people the positive things achieved so far.

First, the Guatemalan people must fully realize that the referendum has been the means to purge the state branches rather than the ultimate goal. The goal was achieved by the referendum even if it was not held,

because poll results show 76 percent of the people support the president of the Republic in the adoption of such a measure. I sincerely thank you for that support because, as I have stated, the president who trusts in God and has the people's support has everything.

The second issue, perhaps the most important one, is that the summons for a referendum generated a civic process that will derive historic benefits for the country, because it motivated the Guatemalans' political will to actively participate in the adoption of state decisions, setting aside their apathy and assuming a leading role in the political changes the nation urgently needs; consequently, we must congratulate ourselves, because we support a process against corruption and impunity. The Guatemalans have proven with our yes to the polls that we endorse changes and that we reject and put a stop to the state's obsolete structures.

On this historic occasion, the vision of a statesman and a people determined to transform their country must be positive, particularly because we are attaining the desired objective. The changes that we are making are long term, not emergency measures to solve all the current problems. We are laying the groundwork to turn Guatemala into the country we truly deserve. What really matters is how far we want to go and having a clear vision of the objective, regardless of the distance. The paths to reach the goal must be different, and there will be complications in the course of our activities. The important thing is to arrive, to achieve the goal we set for ourselves.

After recent events, political party representatives, deputies, and a commission from the executive branch succeeded, with the intervention of the Catholic Church through the Episcopal Conference, in obtaining very important, serious, and irreversible pledges in the presence of the Conference itself and the international community, but most important, in the presence of the best witness of honor that the nation can have; that is, its sovereign people. The suspension of the popular consultation by the Constitutionality Court will not keep the population from expressing their will. Pledges signed by deputies today will make it possible for the Guatemalan people to approve constitutional reforms through their vote in the new popular consultation. Surprisingly, the Constitutionality Court's suspension has worked in favor of the national objectives. This has been demonstrated by the great national pledge signed a few hours ago.

The constitutional reforms are important because they eliminate privileges and political impunity and reinforce the state's institutions. The most important thing, however, is that one reform signifies the termination of the terms of principal and alternate deputies. Through the new popular consultation, these terms will be suspended to initiate the process to elect the members of a new Congress and a new Supreme Court of Justice. That is what the people requested, and we are in the process of achieving it.

I understand that many Guatemalans expected the immediate removal of deputies and Supreme Court of Justice magistrates. We must keep in mind, however, that we are changing state institutions, and legal aspects must be taken into consideration. The constitutional reforms, which, I repeat, include the removal of deputies and magistrates, will be submitted for approval by Guatemalans in the new popular consultation. This will make it possible for us to attain the true objective of this difficult yet productive process, a transformation of state institutions. That is to say, the popular consultation continues to be the means of participation of a people, who, for the first time, will go to the ballot boxes not to vote for a political party or to merely change representatives, but primarily to effect a substantial change in their country. Even before it starts the popular consultation is meeting objectives because it has made it possible for you, the Guatemalan people and international community, to have the deputies make unavoidable pledges. Legal deadlines will have to be respected. For that purpose, the Supreme Electoral Council will have a 60-day deadline for validating the constitutional reforms approved through the popular consultation.

The Congress, in addition, will approve a minimum legislative agenda to enforce essential legal and constitutional reforms such as modification of Congress' internal regulations and the electoral law, a new system to reorganize the administration of justice, which, among other things, will carry out the public legal actions to deal squarely with impunity, the creation of a Government Prosecutor's Office to represent the state, and finally, the approval of the 1994 budget.

Guatemalans, we should be aware that we are making history. We are effecting a change in state organizations through legal and peaceful means, which serves as an example for other countries.

I want to take this opportunity to express my appreciation to the four distinguished and outstanding jurists who, with their knowledge and experience, helped by giving advice and assistance on the basic proposal for the constitutional reforms. I also want to leave on record my special recognition and appreciation of the Guatemalan Episcopal Conference, represented by Monsignor Gerardo Flores Reyes, Msgr. Fernando Claudio Gamalero, and Msgr. (Juan Gerardo Comodea). In addition to serving as honored witnesses to what took place, they led the discussions and will serve as guarantors, together with the international community and especially the Guatemalan people, to the agreements.

There is no doubt, Guatemalans, that the dialogue has meant the search for commitments to strengthen the democratic system and to perfect the legal state, but mainly to create conditions that will streamline the peace process that is so yearned for by all Guatemalans.

In the next few days I will be summoning a great national dialogue to reach points of agreement that will lead us,

through consensus, to the building of a better Guatemala. Many thanks for your attention. Good night.

### Roundup of Economic Developments

*PA1711010493*

[Editorial Report] The following is a compilation of reports on Guatemalan economic developments monitored through 16 November. Source is cited in parentheses following each item.

It was officially reported on 13 November that Guatemalan exports from January to October 1993 totaled $996,335,700, an increase of 13.6 percent. Nontraditional exports totaled $473,895,900, an increase of 8 percent, but cotton and sugar exports have not recovered. Traditional exports surpassed $422 million, while exports to Central America totaled $100,309,100. (Mexico City NOTIMEX in Spanish 2313 GMT 13 Nov 93)

Luis Alfonso Herrera, director of the Central American Economic Integration Bank in Guatemala, announced that on 10 November a credit agreement was signed with the Banco del Quetzal for $1 million to finance industrial and energy investment projects. (Guatemala City PRENSA LIBRE in Spanish 11 Nov 93 p 118)

The Monetary Board approved the issuance of treasury bonds for 450 quetzales and $250 million (approximately 1.7 billion quetzales) to cover the nation's 1994 budget. The Board also approved a credit agreement for $30 million with the Import-Export Bank. (Guatemala City PRENSA LIBRE in Spanish 12 Nov 93 p 109)

On 15 November, the EC and the Guatemalan Government signed a cooperation agreement for $20 million, which will be used in agricultural development projects and to help repatriated refugees in El Quiche Department. Manuel Marin, EC vice president for Latin America, and President Ramiro De Leon Carpio signed the agreement in El Asintal, Retalhuleu. (Guatemala City PRENSA LIBRE in Spanish 15 Nov 93 p 6)

## Honduras

### Roundup of Economic Developments 9-16 Nov

*PA1711021093*

[Editorial Report] The following is a compilation of reports on Honduran economic developments monitored through 16 November. Source is cited in parentheses following each item.

The Japanese Government will donate two plants for producing potable water to San Pedro Sula. The first plant will cost $10 million. The agreement was signed on 13 November by Mayor Hector Guillen and Japanese Government representatives. (San Pedro Sula TIEMPO in Spanish 14 Nov 93 p 3)

After evaluating the damage caused by floods in Bonito Oriental and Tocoa, Colon Federico Alvarez, representative of the Inter-American Development Bank, said he will recommend aid for approximately $200 million for the victims. (San Pedro Sula TIEMPO in Spanish 14 Nov 93 p 2)

## Nicaragua

### Roundup of Economic Developments 9-16 Nov

*PA1611180793*

[Editorial Report] The following is a compilation of reports on Nicaraguan economic developments monitored through 16 November. Source is cited in parentheses following each item.

Finance Minister Emilio Pereira has announced that the exchange rate differential will increase from 0.5 percent to 1 percent beginning 10 November, and he ruled out a drastic devaluation of the cordoba. According to Minister Pereira's estimates, by the end of 1993 the official dollar value will be approximately 6.40 cordobas. Speaking to a group of businessmen, Pereira discussed the 1994 Revenue and Expenditure Draft Bill, which, he said, would ratify the main guidelines that have steered economic policy in the past three years. He said financial restrictions will be key in 1994 to guarantee macroeconomic consistency, public investment, and support production credits. He said public investment in 1994 will create 70,000 new jobs, adding that the current number of unemployed people stands at 295,000. (Managua BARRICADA in Spanish 9 Nov 93 pp 1, 12)

October's national inflation rate stood at 2.5 percent and not 0.10 percent as the government had reported, according to the International Foundation for Economic and Global Challenge (FIDEG). FIDEG, led by former Sandinist Planning Minister Alejandro Martinez, recorded an accumulated inflation rate through October of 31 percent, while the government set this figure at 21.74 percent. In 1992, the government maintained a 3.4 percent inflation rate because of a drastic economic adjustment program. Nevertheless, the 20 percent devaluation of the cordoba with respect to the dollar had an adverse impact on inflation, despite government efforts to curb the money supply, according to independent economists. (Paris AFP in Spanish 2135 GMT 9 Nov 93)

### * Sandinist Economist Presents Economic Plan

*94CA0029A Managua BARRICADA in Spanish 25 Oct 93 p 11*

[Article by Fideg [International Foundation for Overall Economic Development] President Alejandro Martinez]

[Text] Based on the premise that we are continuing to progress toward a market economy within a framework of *macroeconomic stability* and that the various sectors

of production, privately owned by partners or individuals, are the driving force of development, we present the following considerations with a view to adjusting current economic policy.

It is desirable for the Nicaraguan state to reach an agreement with the IMF and the World Bank so that an Enhanced Structural Adjustment Facility (ESAF) can be signed with the IMF to provide a guarantee of an endorsement by that entity, thus paving the way for donor countries to continue supporting the country's economic transformation.

The ESAF should be negotiated, however, on the basis of the following assumptions: a) The current stabilization process cannot be strengthened by means of greater spending cuts; and b) Allowances must be made to implement the adjustment on the supply side. If the latter is not to be taken into account, then it would be better not to sign; otherwise, we would be placing our signatures on an agreement that we knew in advance we could not honor.

If this ESAF cannot be signed, it becomes much more urgent to reach a tripartite agreement (between the Sandinist National Liberation Front, the government, and the National Opposition Union). This is necessary so that we can persuade the community of donor countries that bilateral and multilateral aid from agencies such as the Inter-American Development Bank (IDB), AID [Agency for International Development], and the Central American Bank of Economic Integration (BCIE) should not be tied to the interconnected condition of having an ESAF before aid can continue to this country.

The country is suffering from a major overall imbalance between what is produced and what is consumed at the national level.

**a) Current-account deficit = GDP [gross domestic product] minus private consumption minus public consumption minus total investment.** This deficit is equivalent to 23.3 percent of the GDP, which is consistent with the deficit in the balance of foreign trade, equivalent to about 26 percent of the GDP for 1993.

**b) Public deficit = Total government revenues minus total government outlays.** Will probably close 1993 at 6.1 percent of GDP. Given the above, it is also true that the overall current account deficit, in real terms, and the public deficit, in nominal terms, have both declined dramatically, as shown in this table:

| | Overall Deficit (real terms) | Public Sector Deficit (nominal terms) |
|---|---|---|
| 1988 | 24.3% of GDP | 36.7% of GDP |
| 1990 | 3.7% of GDP | 17.8% of GDP |
| 1991 | 12.9% of GDP | 8.0% of GDP |
| 1992 | 10.2% of GDP | 9.3% of GDP |
| 1993 | 5.4% of GDP | 6.1% of GDP |

Thus it can be seen that, given the current contraction of the economy, it would not be prudent to reduce total aggregate demand any further. Therefore, we propose that the current account deficit and the deficit in the Non-Financial Public Sector (SPNF), measured as a proportion of the GDP, be reduced by 4 percent by increasing the GDP, not by further cutting spending.

This would mean that if the overall deficit is reduced by 4 percent, it would be cut from 23.3 percent of GDP to 19.3 percent of GDP by the end of 1994, by increasing the GDP by 4 percent in 1994. In other words, the level of Absorption (Private Consumption plus Public Consumption plus Total Investment) would remain at 14.0488 billion cordobas, compared to a GDP that would grow from 11.3966 billion to 11.8525 billion cordobas. As a result, the current account deficit would drop from 23 percent to 19 percent of the GDP in current terms.

On the other hand, if total spending by the government, public agencies, and city governments is frozen at 1993 levels and the GDP is boosted by 4 percent, the SPNF deficit is cut from 6.1 percent to 2.1 percent of the GDP, and the results sought in the ESAF are achieved.

This scenario assumes that the reduction in the current account deficit and that of the budget deficit, as a function of GDP, are the objective variables, and that the country is given the freedom to make whatever adjustments it deems necessary to achieve this objective.

Given that the marginal propensity to import is 36 percent of GDP, according to previous studies, we can conclude that the $72-million increase in the GDP that will be required to attain these objectives will entail an outlay for imports of $26 million in foreign exchange. This amount of foreign exchange is within the macrolimits that have been projected, and therefore it is not beyond the country's objective possibilities, to the extent that this effort is accompanied by some policies aimed at rationalizing the use of foreign exchange and credit.

On the other hand, achieving the proposed objective would mean that outlays for productive credit would rise from 2.451 billion to 2.6217 billion cordobas, which would be rationalized by means of portfolio ceilings, as will be explained later.

These objectives would have to be attained within the framework of an Overall Economic Accord involving all the economic-social forces in the country, so that each could be asked to make its share of commitment. At the same time, it would have to be presented within a **framework of sustainable credibility**, which would require revamping the elements of the economic team to eliminate the friction that currently exists among authorities in the economic sphere of the government.

**1. Monetary, Credit, and Interest Rate Policy:**

1.1. The amount of money in circulation in the economy is determined by authorities of the Central Bank of

Nicaragua (BCN) by using the formula M = k *H, in which M is money, k is the bank multiplier, and H is the country's monetary base (which is the sum of cash—bills and coins—plus deposits in the BCN banking system). So far the money multiplier has been 1.2, but an effort is being made to raise it to 1.5 to put more money into the economy, within a framework of monetary stability that will support the reactivation without creating excess liquidity, which could lead to a trend toward more imports and an accelerated loss of international reserves. Using a bank multiplier of 1.5 to calculate the total money supply, it would go from $153.5 million to $180.6 million.

1.2. The total amount of credit extended by the BCN to the National Development Bank (BND), the Nicaraguan Bank (BANIC), the Popular Bank, and all other banks should rise to 2.6217 billion cordobas, of which 80 percent (2.088 billion cordobas) would be channeled through the BND, BANIC, and the Popular Bank. Thus, 532 million cordobas would be available to be channeled through the private banking sector.

1.3. The state banks would disburse this credit only to units of production with a maximum of 200 manzanas [of land], and financing for cattle fattening operations would be limited to those with no more than 200 head. Long-term credit would be limited to 750,000 cordobas per unit of production. The details of this policy must be drawn up by the state banks and proposed to the BCN board of directors within two weeks.

1.4. Both state and commercial banks that have dollar deposits should be able to lend those funds within the domestic economy without the current restriction requiring them to lend only for export activities. The banks should be allowed to exercise their discretion in determining how and to whom they will lend these funds, in accordance with their technical analysis of profitability and recoverability.

1.5. If the above measure does not produce results in three months, regulations should be drawn up prohibiting banks from having funds deposited abroad in excess of the funds backing foreign credit card transactions. There would be mandatory repatriation of the funds exceeding that amount.

1.6. In case the above regulations become necessary, based on the current 25-percent reserve requirement for foreign currency, for every dollar that a bank lends, its obligation to make deposits in the BCN would be reduced by that amount. The idea is to encourage banks to make loans in the domestic economy, especially for major producers that would not receive financing from state banks.

1.7. All short- and long-term loans using BCN funds should be without maintenance of value.

1.8. The maximum interest rate for loans to producers should be 12 percent per annum for 1993-94; the BCN's rediscount rate to banks should be set at 9 percent without maintenance of value; and the maximum rate for private banks should be 9 percent with maintenance of value and 12 percent without it.

**2. Exchange Rate and Import Policies:**

2.1. The crawling peg devaluation policy should remain unchanged.

2.2. A tax should be levied on foreign currency purchases for consumer goods, equivalent to 25 percent of the exchange rate prevailing at the time the foreign currency is purchased. All purchases of raw materials, spare parts, intermediate goods, and capital goods, as well as medications, office and educational supplies, and services should be exempt from this tax. The tax would be collected by the bank or money-exchange office that sells the foreign currency, with the understanding that the system of free purchases and sales of foreign currency would be maintained. As a consequence of this tax, given that $279 million worth of such goods are imported each year, the Treasury should collect approximately 431 million cordobas.

2.3. Import tariffs should be frozen at current levels to give local industry a shot in the arm.

**3. Fiscal Policy:**

3.1. The sales tax should be cut from 15 percent to 10 percent as of 31 October, which means that the government would lose 116 million cordobas per year in revenues, but the additional revenues from the tax on foreign exchange for consumer goods purchases would yield a net balance of 315 million cordobas, equivalent to 3 percent of GDP.

3.2. The presumptive minimum income should be eliminated.

3.3. Income tax withholding should be eliminated.

3.4. The income tax deduction for reinvested earnings should be restored.

**4. Grain Storage Policies:**

4.1. The policy of price bands for farm products established by the Ministry of Agriculture and Livestock (MAG) should be maintained.

4.2. On the domestic market, the price paid to the producer should never be less than the minimum price band. For this purpose, the National Enterprise for Staple Foods (ENABAS) should resume its practice of purchasing grains every time the price to the producer falls below the minimum limit established in the band. ENABAS should guarantee that the producer will receive that minimum. For this purpose, ENABAS would receive a bridge loan for 45 days from state banks to finance the purchase, until the grain is dried and put in silos. The silos would become government warehouses, and external credit would be sought outside ENABAS. The credit would become effective upon submission of

documentation showing that the product had been pledged as security to the bank. ENABAS would immediately pay off the loan to the national bank, and the product would remain in bond pending export.

In case of any difference between the minimum purchase price and the export price, the difference would be placed temporarily in a contingency fund operated by the Finance Ministry.

4.3. All import and export licenses would be eliminated. Exporters would merely have to negotiate the foreign exchange received for their exports in the Financial System.

4.4. Quantitative import restrictions on all kinds of goods, including sugar and basic grains, should be eliminated. Donated products would be sold at market prices, and the proceeds from the sale of such donations would be used to bolster the price support fund in the domestic market.

**5. Property Ownership and Titles:**

5.1. The resolution of all cases under Laws 85, 86, and 88 should be speeded up. All claims to property that cannot be resolved by returning the property should be paid for with bonds in a streamlined manner. These bonds could be used to pay for any kind of transaction desired, except for short-term loans, which should be paid off in cash.

5.2. Any document attesting to legal ownership of a unit of production should be acceptable to banks, but to grant a loan, the bank will have to conduct a technical analysis to ensure that the loan is recoverable.

**Conclusions:**

1. These measures require a strong national consensus to ensure that the funds provided under their auspices go to production and help reduce the levels of unemployment.

Additionally, a high degree of confidence is necessary, so it is imperative that we strengthen our bargaining power with respect to international organizations and replace the current members of the Economic Cabinet.

2. An agreement with the IMF cannot be made conditional on continued spending cuts; the basis for the agreement should be expanding our capacity for productive recovery through GDP growth.

The private sector, in the broadest sense of the term, is suffering from severe decapitalization and needs a shot in the arm so that it can begin fulfilling its function as the driving force of an economy immersed in a serious economic, political, and social crisis.

3. We are not advocating disorderly policies of indiscriminate subsidies and overall imbalances, which would only lead to higher inflation and a drain on international reserves. In contrast, we support a framework of general stability, but taking into account the intrinsic peculiarities of our national situation. In other words, we should reach agreement with the IMF and the World Bank to reduce both the overall deficits in the economy and the budget deficits, but not at the cost of cutting spending; rather, GDP growth should be promoted.

This means committing ourselves to a GDP growth rate of four percent in 1994 so that the deficits can be reduced by that same percentage of the GDP.

Accepting that, we Nicaraguans should be allowed to decide how we will achieve growth; we should not be put in an ideological straitjacket that is not in keeping with our circumstances.

4. The above should become a major commitment that will mobilize the international financial community and international donors so that they will continue supporting Nicaragua, instead of placing the country in situations that will aggravate the crisis in production and thus result in alarming social consequences.

5. Domestically, this commitment would oblige the political parties, social forces, and the government to seek national consensus on ways to reactive production, promote respect for private property, and reduce the levels of unemployment and misery in the country.

## Ω Nicaragua Press Review No. 9

*94P20076A*

[Editorial Report] Constitutional Reforms Debated—Pro-UNO (National Opposition Union) and pro-FSLN (Sandinist National Liberation Front) newspapers have published a series of commentaries debating whether to draft a new constitution in a constitutional convention or to pass partial reforms of the constitution in the National Assembly. A point of contention is whether the constitution should be amended to prevent the reelection of the president.

Danilo Aguirre Solis, assistant director of the Sandinist daily EL NUEVO DIARIO, has declared his opposition to allowing reelection of the president, maintaining that this limitation is "healthy for the country" as it would "end caudillismo." Aguirre also contends that constitutional reforms should address the property issue as well, since there are currently no rules governing the "transfer of State property" to private hands. The lack of legislation, he says, "has caused conflicts since no one is empowered to sell, rent, or donate State property." Aguirre goes on to argue that although the UNO parties are dissatisfied with their minority status on the Assembly's Leadership Board, they must nonetheless "act boldly" and move ahead with reform without first trying to obtain a majority. He maintains that UNO's participation is needed for the legislature to pass the reforms because "the FSLN plus the Center Group (made up of UNO deputies who left the coalition to form a separate voting bloc) do not add up to 56," the number of deputies needed to pass the reforms. He concludes that once the reforms are worked out, the Center Group will

"lose its raison-d'etre" and the current Assembly leadership structure will "dissolve on its own." Aguirre explains that a minority of FSLN members are in favor of reelection of the president, with a particular unnamed candidate in mind, while the FSLN assembly is against a constitutional convention. He fears that proponents of using violence during strikes will lose the election for the FSLN in 1996. Aguirre contends there is a faction within the FSLN which believes that "the party's vertical structure, caudillismo, and personality cult" must be preserved. (EL NUEVO DIARIO 25, 26 October)

In another commentary published in the 21 October pro-UNO daily LA PRENSA, UNO deputy Roberto Urroz Castillo warns that those who prefer to hold a constitutional convention rather than introduce reforms before the end of the year "are wrong" because they are not taking into account Nicaragua's need for quick solutions. On the other hand, Castillo believes that it is also not enough for UNO to come to an agreement with the FSLN on reforms without first regaining its majority in the assembly, which, he says, "was lost when the Executive created the Center Group," (alluding to UNO's contention that the government played a role in convincing a number of former UNO deputies to form the center group, which supports the government). Urroz believes that reforms would be "less costly" to the country and would avoid "further political confrontation."

Commentator Ernesto Castillo explains in the 21 October pro-Sandinist daily BARRICADA that neither constitutional reform nor a new constitution will solve the country's problems; what is lacking, he says, is "a true moral and material disposition" by those in power to govern "for the benefit of everyone, not special interests." Castillo affirms that the viability of any constitution depends on its "acceptance by the majority of the citizenry," and on the "honesty of government leaders which compels them to respect the will of the people."

The 17 October BARRICADA reports on a speech given the previous day by FSLN National Directorate member Tomas Borge in Tipitapa commemorating the 16th anniversary of the death of Pedro Arauz Palacios. Borge said that he wants to prevent the reelection of the president, because reelection leads to "caudillismo." Borge affirmed that "the people must be consulted to ensure that the constitutional reform process will be democratic and that the revolutionary (Sandinist) constitution will not be distorted."

Update on Privatization—According to Dayton Caldera, president of the National Corporation of the Public Sector (Cornap), 90 percent of the privatization program begun in October 1990 has been completed. By the end of December 315 enterprises will have been privatized out of a total of 351 production centers which were part of the People's Ownership Sector and were taken over by the government in April 1990. In 1994 Cornap will complete the privatization of the 35 remaining enterprises and settle pending contracts. According to Caldera, Cornap used a large portion of the funds obtained through the sale of the enterprises to pay for the labor costs of some enterprises that were temporarily closed but continued to pay wages. Also, 60 million cordobas in bonds have been redeemed through a previously established credit fund. Caldera maintains that privatized enterprises are now operating more efficiently, but Permanent Congress of Workers leader Roberto Moreno complains that "privatization has divided the workers, because only a few have become entrepreneurs while thousands are unemployed." (BARRICADA 18 October)

Export Procedures To Be Simplified—Francisco Diaz Reyes, External Trade manager at the Central Bank, has announced that a new office, the Center for Export Procedures (Cetramex), began operations in October. In addition to reducing or eliminating tariffs which pose obstacles to exports, the office serves as adviser to exporters. Exporters will be able to "save time" now spent in traveling to the Central Bank, Ministry of Agriculture, Environment Ministry, and Foreign Ministry for certificates, because all these offices will eventually be located on the same premises as Cetramex. In the future "only one piece of paper" will be required for exports, according to Reyes. (BARRICADA 18 October)

Private Banks Reluctant To Grant Credit—As of 31 July loans granted by the country's seven private banks total 535 million cordobas, while the National Development Bank (Banades) has issued loans totaling 1.240 million cordobas. Reportedly, Banpro "has taken the most risk" with a loan portfolio of 122 million cordobas. It is followed by Banco Mercantil, with 93 million; Bancentro, 69; Interbank, 59; Banco de Prestamos, 51; and Banexpo, 49 million cordobas. The government has proposed a way for private banks to purchase a portion of the portfolios of Banic (Bank of Nicaragua) and Banades, and to direct loan activity to the production sector. Carlos Natus, president of the Association of Private Banks, says that bankers are looking into the program and have expressed interest in participating. (BARRICADA 25 October)

## Panama

### Roundup of Economic Developments 9-16 Nov

*PA1611193093*

[Editorial Report] The following is a compilation of reports on Panamanian economic developments monitored through 16 November. Source is cited in parentheses following each item.

The government on 9 November authorized the first cash payment and issuance of government bonds amounting to $932.6 million to cancel the public sector debt with the National Bank of Panama. The Cabinet Council also approved the unfreezing of deposits of

some public institutions, which have been withheld since 31 December 1989, amounting to $68.7 million. This will serve as the initial payment to pay the overdraft of public institutions with the National Bank of Panama. (Panama City LA PRENSA in Spanish 10 Nov 93 p 1A)

Juan Gaudiano, municipal engineer of the District of Panama, has said that investments in the construction industry this year will total more than $250 million. Through 31 October, investments in construction were more than $236 million and it is estimated that figure will exceed $250 million by the end of the year. Investments in construction employ more than 60,000 Panamanians, some 30,000 in construction work and the other 30,000 in construction-related fields. In 1987, the last regular year of construction in our country before the political-economic crisis, investments in the construction industry totalled $150 million. (Panama City EL PANAMA AMERICA in Spanish 11 Nov 93 p 2A)

## Argentina

### Menem Elaborates on Meeting With Alfonsin

*PY1511234093 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1517 GMT 15 Nov 93*

[Text] Buenos Aires, 15 Nov (NA)—President Carlos Menem expressed today his satisfaction over the outcome of his meeting with UCR [Radical Civic Union] President Raul Alfonsin yesterday. Menem predicted: "We Argentines will have a new constitution by mid-1994."

The president trusts that the law on the necessity for constitutional reform will finally be approved "late this year or early next year," and that subsequently "a constituent assembly will be called to define this reform process," which in his opinion would occur by mid-1994.

Nevertheless, Menem noted that "some points" of the agreement signed "must be improved." He admitted that he does not favor the post of coordinating minister. Nevertheless, Menem emphasized: "On this issue as well as on other issues, we will continue talking."

Menem made these remarks this morning to journalists accredited to Government House and to Radio America. In his remarks Menem expanded on the historical agreement reached yesterday with Alfonsin.

Menem announced that Alfonsin "will tour the interior of the country to talk with party conventioneers so that on 3 December, when they meet, they will approve this reform project."

The chief of state stressed that if the UCR does not approve the agreement a plebiscite will be held, because the one that had been called for 21 November "is not being lifted"; it is only "being suspended to an undetermined date."

He added, however, that he is optimistic the agreement will be approved by the Radical convention, because if Alfonsin had been able to overcome "with determination, courage, and impetus a very difficult situation, stemming from 1989, to reassume the leadership of his party during a meeting where the number of votes he needed was not at all clear, it means he will have the necessary number of conventioneers to reform the Constitution."

Menem added that "other political parties will be summoned to a round of talks so they can make proposals they deem suitable for the reform," and asserted that "it would be great to proclaim the new Constitution on 9 July in San Miguel de Tucuman."

Menem explained that he only aspires to complete one more term in office, because "if the reelection is achieved, 10 years will be more than enough."

Asked about the date on which his current term ends, he said that "the most logical thing would be for it to end on the same day the deputies' terms end, but to unify the date 12 October would be appropriate, as it was in the past, or 10 December, but this decision will be made by the Constituent Assembly."

As for his possible running mate for the 1995 elections, Menem said that "before anything else an agreement must be reached among all those who have a chance to run for president for the Justicialist Party, and only then will it be decided who will be on the ticket."

He added that "there is no specific person, but it could be any governor, senator, or deputy," although he chose not to mention any names, so that they "might not be the objects of speculation or affected by the wear and tear of politics."

The president added that it would be the "instrumental aspect of the Constitution, that which grants security, guarantees, and credibility to the agreements that may be reached by politicians," that will be modified, and not its dogmatic aspects.

Moreover, Menem guaranteed "fully the implementation of the economic model" until the end of his term in office, "even if the reform is not attained."

He also admitted having met last night with Domingo Cavallo and other politicians in the economic field, "who are happy because they see that the future offers them a chance to continue to improve and consolidate this model, which is being implemented with good results for our country."

Asked which subjects he and Alfonsin had had the most difficulty agreeing on, Menem said most of these "do not present any great difficulties, but obviously work needs to be done to perfect them" and "to this end our constituent assembly members will continue working."

He then added that "in an agreement reciprocal concessions are made," and noted that "the most important thing in all this is that the dogmatic aspects of the Constitution have been preserved. The rights, duties, and guarantees will not be modified at all, and the only thing we have agreed to reform are the instrumental aspects."

Asked about the possibility of a joint presidential ticket between the UCR and the Justicialist Party, Menem, smiling, answered: "I would not venture an answer on that subject. The important thing is that the two majority forces have reached an understanding."

As for the position to be adopted by some Radical leaders from the interior, Menem said that this morning he had heard over the radio "one of the UCR's strong men in Cordoba saying that Cordoba Radicals are all for the reform, and that in this sense they will support this process."

He added: "I do not think the problem that has arisen with the URC is so complicated, and I am sure it will be overcome shortly."

Menem once again stated that "a promise has been made" that the constituent convention "will respect the agreements reached before the draft reform is submitted to it."

He added: "I think the constituent assemblies in Argentina have never gone beyond the proposals made to reform the Constitution, and it has already been subjected to seven amendments."

Regarding the figure of the coordinating minister, Menem said it would depend on the president of the nation, who would be in charge of electing him.

When journalists asked him whether he would appoint Eduardo Bauza, current secretary general of the presidency, to this post, Menem answered that he had practically dismissed this possibility, as "in extreme cases the coordinating minister can be dismissed by a vote of censure by Congress because, in principle, this is what has been decided, and I do not want Bauza to leave me."

Menem stressed that he is not in favor of a coordinating minister, and favors a presidential system, but admitted that "when you start negotiating you have to yield something."

Menem then said that he had been very moved to see Alfonsin arrive at the Olivos residence yesterday, and that he immediately summoned the residence's employees to greet him.

"This also was very moving, very emotional," said Menem, then commenting that Alfonsin told the residence employees, smiling: "The house is in order. Congratulations."

Later, when asked whether the exchange of verbal attacks with Alfonsin had ended, the chief of stated said: "Politics are like that, you know very well that politics is the art of doing what is possible."

"How many years did Peron and Balbin spend attacking each other? If they had reached an agreement earlier perhaps political life, and indeed the life of Argentina, would have been significantly changed."

Moreover, Menem said that there would be no changes among the members of the Supreme Court of Justice because "they are irremovable, because they cannot be removed; because they belong to a completely independent branch."

As for the situation in Santiago del Estero, Menem said he believes the problems "will be solved gradually" in this northern province, and therefore the government will order a transference of funds "because the problem is of an economic nature, with great intensity in the political field."

Regarding the disappearance of a journalist denounced by the Buenos Aires Media Employees Association, Menem said he had learned about the subject and that he was "certain the problem was caused by a sector, a sort of mafia; these members of the mafia are against any sort of agreement between the majority forces; these are tiny factions mixing themselves up in this."

## Colombian Drug Cartels 'Actively' Using Argentine Route

*PY1511225493 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2007 GMT 14 Nov 93*

[Text] Buenos Aires, 14 Nov (NA)—The Cali and Medellin cartels are actively using Argentina as a route for transporting drugs to the main consumption centers in the United States and Europe, taking advantage of the problems faced by Argentine officials in controlling drug trafficking and money laundering.

According to an investigation published today by DIARIO POPULAR, 12 metric tonnes of cocaine come to Argentina every year, of which 10 percent remain here for local consumption. Most of the drugs are managed by organizations linked to the Colombian cartels.

Judge Alberto Santa Marina of the First Federal Court of Lomas de Zamora warned that "current legislation cannot prevent money laundering, very simply because in order to prove laundering we must have evidence that it comes from drug trafficking, and this is very difficult."

Police Deputy Superintendent Guillermo Gonzalez of the Northern Drug Trafficking Division of Buenos Aires Province agreed with Judge Santa Marina, saying that the "the Argentine economic system is too complicated to be able to distinguish whether money is clean or dirty," because "we cannot say if the money comes from drugs or if it is only the repatriation of funds taken out of the country during the times of high profit making through financial deals."

Gonzalez pointed out that "there are links with important organizations, such as the Cali and Medellin cartels in Argentina," and that "it is quite possible that they have properties and offices. We have arrested people linked to the Colombian cartels."

Gonzalez admitted that "it is becoming more difficult to fight drug trafficking" because the traffickers "are improving their activities and learning from their mistakes, and it is therefore more difficult to arrest them now than it was five years ago."

He added that even their detention cannot be guaranteed, because "although their operational capabilities are reduced the drug traffickers continue to work from jail, and if their work is made too difficult for them they transfer their contacts to other gangs, who care of their business while they are in prison and at the same time continue to make money for them."

## * Cavallo Plan Evaluated After 30 Months

*94SM0062A Buenos Aires CLARIN in Spanish 7 Oct 93 pp 20-21*

[First paragraph is CLARIN introduction]

[Text] September could not repeat the August price statistics: that was the fault of vegetable, rent, and transportation costs, which pushed the price index up 0.8 percent. We know that fresh food prices go up and down with the seasons, but rents, even with the prohibitions against indexing, have continued to lead price increases ever since the convertibility plan began. The official excuse is that the increase is caused by new leases, not old contracts.

In September vegetable, rent, and transportation costs once again pushed the consumer price index to a figure closer to one percent than to the famed zero percent of the pre-election period. It was exactly 0.8 percent and interrupted the declining trend in evidence since May.

**Cost of Living in September**

| Item | Percentage |
|---|---|
| General Level | 0.8 |
| Foods and beverages | 1.3 |
| Clothing | -0.2 |
| Housing | 0.7 |
| Household equipment and operating costs | 0.2 |
| Health care | 1.0 |
| Transportation and communications | 1.9 |
| Recreation | -0.3 |
| Education | 0.6 |
| Miscellaneous goods and services | 0.2 |

Source: INDEC

**Prices Since Convertibility (in Percentage)**

| The 10 Items With the Highest Price Increases | |
|---|---|
| Rent | 147.5 |
| Vegetables | 126.1 |
| Tomatoes | 100.8 |
| Hair care | 98.3 |
| Health care services | 91.7 |
| Movies and live entertainment | 91.2 |
| Schools | 71.6 |
| French bread | 70.3 |
| Flour | 68.9 |
| Tourism and travel | 66.2 |
| Cost of Living Increase | 52.0 |

| The 10 Items With the Lowest Price Increases | |
|---|---|
| Sugar | 3.9 |
| Outer garments | 7.0 |
| Coffee | 7.6 |
| Audio and video | 9.5 |
| Footwear | 10.3 |
| Rice | 11.1 |
| Toys and games | 14.2 |
| Textbooks | 16.3 |
| Hygiene | 17.5 |
| Car repairs | 17.9 |

In any event, the numbers did not darken the official mood. Secretary of Programming Juan Jose Llach yesterday predicted that "during all of 1993 consumer price inflation is not going to exceed 8 percent." This would even surpass the budget goals, for if that turned out to be true, the combined index would be under 5 percent a year. Moreover, if that forecast does become a reality, it would be the lowest price increase in the last 20 years.

Such a performance is encouraged by the good behavior of wholesale prices. In September the IPM [Wholesale Price Index] was zero percent. Not much publicity was given to this figure, for during 1993 deflation was reported in wholesale prices on three occasions (March, June, and July).

The third-ranking man at the Ministry of the Economy also ventured to forecast: "We foresee a calm scenario for prices for the rest of the year."

Still, some prices continue to resist this downward trend. In general, they are always the same ones: rents, fresh foods, and some public utility rates.

For rents, the September increase was 2.1 percent. Llach did not manage to justify that, though he explained it in the following terms: "These are new prices that are agreed to when a lease expires, since our surveys indicate that the prices for current leases have not been changed."

Even so, INDEC [National Institute of Statistics and Census] figures show that during the 30 months of the existence of the convertibility plan rents have increased by 147.5 percent. This is the item that has risen the most since the Cavallo plan, which banned contract indexing, was introduced in April 1991.

Fairly close to rents in the ranking are fruits and vegetables: they have increased by 126.1 percent during the same period. This is a key factor in the composition of the index, and the fluctuating nature of these prices makes the economic team quite nervous. In August the most significant factor in the zero percent inflation rate was the good behavior of this item.

This time the inflation rate for foods and beverages was 1.3 percent. If this item is examined more closely, we see that fruits rose 3.7 percent and vegetables by 4.1 percent.

The varied behavior of this category is shown when price trends of individual products are compared. Whole tomatoes increased 31.7 percent, while a kilo of bananas declined by 13.4 percent.

Public utility rates also show varying behavior. For example, yesterday Llach mentioned the decline in international telephone rates and the 4 percent drop in the price of electricity.

However, it was not so easy to justify the 4.6 percent hike in the price of transportation fares. That decision drew attention because the most recent fare increase approved by the Department of Transportation had been in August.

At that time, the minimum fare rose from 35 to 40 centavos so the companies could invest in the purchase of automatic fare machines. But when the time came for them to be used, the machines were nowhere to be found and, to make matters worse, the increase made price indices soar.

**Family Staples: Percentage Change**

| Product | September 93 | December 92-September 93 |
|---|---|---|
| French bread | 0.0 | 12.9 |
| Rolls and pastries | 0.0 | 15.2 |
| Rice | 2.0 | 4.9 |
| Flour | 0.0 | 17.6 |
| Pasta | 0.0 | 14.0 |
| Roast beef | 0.6 | -2.4 |
| Shoulder roast (meat) | 0.3 | -4.1 |
| Loin | 0.5 | -2.4 |
| Rump roast | 0.2 | -2.0 |
| Swiss steak | 0.5 | -2.1 |
| Chicken | 11.7 | 5.9 |
| Fish fillets | 0.3 | 3.8 |
| Cooked ham | -0.3 | 6.1 |
| Salami | -0.2 | 5.7 |
| Vienna sausages | 0.9 | 2.7 |
| Canned mackerel in oil | 0.0 | -8.6 |
| Mixed oils | 1.9 | 22.6 |
| Whole milk | 0.0 | 3.8 |
| Fresh cheese | -2.6 | 43.0 |
| Butter | 0.9 | 5.9 |
| Eggs | -0.7 | 17.8 |
| Apples | 5.6 | -13.8 |
| Oranges | 1.2 | 7.8 |
| Bananas | -13.4 | -21.4 |
| Canned peaches in syrup | -0.5 | 2.1 |
| Potatoes | 8.2 | 10.4 |
| Tomatoes | 31.7 | 57.8 |
| Onions | 1.2 | 11.0 |
| Lettuce | -7.2 | 19.1 |
| Raw whole tomatoes | 0.0 | 38.9 |
| Raw peas | 0.0 | 8.7 |
| Sugar | 1.3 | 41.8 |
| Coffee | 0.0 | 7.3 |
| Tea | 0.0 | 7.1 |
| Carbonated beverages | 3.6 | 8.5 |
| Soda | 0.0 | 7.8 |
| Ordinary table wine | 2.2 | 18.1 |

Source: INDEC

**Lack of Competition**

The Ministry of the Economy continues to insist that there are sectors benefitting from the lack of foreign competition. Yesterday Llach termed the prices of some medications and fuels "dubious."

Concerning fuel prices, it should be noted that an official complaint has been filed against the oil companies—including YPF [Government Oil Deposits], in which the state is a partner—about the alleged commission of the crime of monopolistic pricing. The complaint is being reviewed by the Competition Defense Board of the Department of Industry and Trade.

The September indices also revived another phenomenon that has become common since the convertibility plan has been in effect: the gap between the behavior of retail and wholesale prices. Wholesale prices always increase less than retail prices. That did not happen in August, the month with zero inflation, but it reappeared in September.

The construction costs index remains much higher than the rest. In August it rose 3 percent and in September it was up 2.1 percent.

**Combined Prices**
**(50 Percent Wholesale; 50 Percent Retail)**

| Month | Percentage |
|---|---|
| September 92 | 0.9 |
| October | 0.7 |
| November | -0.7 |
| December | -0.2 |
| January 93 | 0.8 |

**Combined Prices**
**(50 Percent Wholesale; 50 Percent Retail) (Continued)**

| Month | Percentage |
|---|---|
| February | 0.8 |
| March | 0.1 |
| April | 0.9 |
| May | 0.9 |
| June | 0.3 |
| July | 0.1 |
| August | 0.3 |
| September | 0.4 |
| Cumulative Increase in the Past 12 Months | 4.5 |

Source: Based on INDEC data

**Variation in Percentage: March 1991 - September 1993)**

| Indices | |
|---|---|
| Cost of living | 52.0 |
| Wholesale prices | 8.6 |
| Construction | 49.5 |
| Dollar (average) | 5.5 |

| Foods and Beverages | |
|---|---|
| Meats | 64.1 |
| Fruits | 49.2 |
| Dairy products and eggs | 56.5 |
| Vegetables | 126.1 |
| Alcoholic beverages | 57.3 |
| Carbonated beverages | 47.4 |

| Clothing | |
|---|---|
| Underwear | 19.6 |
| Outer garments | 7.0 |
| Footwear | 10.3 |

| Recreation | |
|---|---|
| Games and toys | 14.2 |
| Books, newspapers, and magazines | 33.2 |
| Tourism and travel | 66.2 |
| Audio and video | 9.5 |
| Movies and live entertainment | 91.2 |

| Transportation and Communications | |
|---|---|
| Transportation | 39.7 |
| Car repairs | 17.9 |
| Communications | 37.0 |

| Housing Costs | |
|---|---|
| Rent | 147.5 |
| Services* | 38.7 |
| Cleaning products | 22.3 |
| Household repairs | 59.2 |

* This includes gas and electricity

| Health Care and Education | |
|---|---|
| Medications | 35.1 |
| Health care services | 91.7 |
| Schools | 71.6 |
| Textbooks | 16.3 |

| Other | |
|---|---|
| Tobacco | 25.8 |
| Personal hygiene | 17.5 |
| Hair care | 98.3 |

Source: CLARIN, based on INDEC data

## Brazil

### Former Minister Urges Reopening of Sarney Corruption Probe

*PY1711023193 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Nov 93 p A5*

[Text] Porto Alegre—Former Minister and Senator Carlos Chiarelli, of the PFL [Liberal Front Party] of Rio Grande do Sul, said yesterday that in order "to be consistent" Congress should unearth the report issued by the CPI [Congressional Investigating Committee] on corruption during the Jose Sarney administration, and issue a "truthful report" on its conclusions to society. Chiarelli, who was the 1988 CPI coordinator, recalled that the final report found Sarney and five of his ministers responsible for malfeasance involving several irregularities, adding that at the time the report was shelved following a three-line recommendation issued by then Chamber of Deputies President Inocencio Oliveira (PFL-PE) [PFL-Pernambuco].

Chiarelli said that the CPI investigated reports on the political use of funds and preference for some construction firms, banks, and shipyards during 10 months in 1988. Two decrees signed by Sarney in 1987 authorizing the payment of retroactive adjustments to construction firms

alone cost the national treasury $600 million, the CPI concluded. The report charging the president and five ministers with malfeasance was approved by a vote of 10 to one. The single vote against the report was cast by Alexandre Costa, current regional integration minister and one of the officials involved in the budget scandal—just as is Chiarelli himself and various politicians close to former President Sarney. Chiarelli said that he suffered a lot and gained many new enemies as the 1988 CPI coordinator. "I think it would be good for the country, without any desire for revenge, to make an in-depth investigation of the irregularities pointed out then."

### Economists Convince Cardoso To Accelerate Economic Plan

*PY1711014193 Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Nov 93 Section 1 p 15*

[Article by Sonia Mossri and Ivanir Jose Bortot]

[Text] Finance Minister Fernando Henrique Cardoso was convinced by PMDB [Brazilian Democratic Movement Party] economists to move up the implementation of an anti-inflationary plan, which the team had scheduled for implementation only in February. The PMDB argument is that there might be the risk of a governability crisis aggravated by the Budget CPI [Congressional Investigating Committee]. In addition, the PMDB and Planalto Palace consider that the absence of a plan might guarantee Luiz Inacio Lula da Silva's (PT) [Workers Party] victory in next year's presidential elections.

Pedro Simon (PMDB), the government leader in the Senate, and Roberto Freire (PPS-PE) [People's Socialist Party-Pernambuco], the government leader in the Chamber of Deputies, have sponsored meetings between Fernando Henrique Cardoso and various PMDB economists, such as Maria da Conceicao Tavares (a FOLHA DE SAO PAULO columnist), Luiz Gonzaga Belluzo (the Sao Paulo government's adviser for international affairs), Raphael de Almeida Magalhaes (a social security minister under the Sarney administration), and Joao Sayad (a planning minister under the Sarney administration). Freire and Simon believe that the immediate announcement of an economic plan would overcome the Franco government's inaction.

Freire and Simon also held several meetings with this group of PMDB economists. The main disagreement with Fernando Henrique Cardoso's team is that the PMDB economists consider that without an immediate economic plan, the Franco government might run the serious risk of an institutional disruption, compromising the 1994 elections. At Planalto Palace, the alleged lack of political foresight by Fernando Henrique Cardoso's team has been the target of criticism.

The two government leaders are also responsible for submitting to Congress, probably on 27 November, a package of measures that may include the economic plan and the fiscal adjustment, as well as changes in the 1994 budget. By 12 November the government was also considering 30 November as the date for announcing the first phase of the anti-inflationary plan. The finance minister will be in Toronto (Canada) on 29 November to sign the terms for a commitment to renegotiate the foreign debt with the creditor banks.

There is a possibility that in an initial phase the general guidelines of an economy deindexation plan will merely be announced. The measures would actually be implemented in January, because December has been described as an inappropriate month due to the increase in consumption prompted by Christmas.

Freire and Simon believe that by sending both the fiscal adjustment and the economic plan, the government would be transferring to Congress the entire responsibility for implementing the anti-inflationary program. Initially, the Finance Ministry wanted to submit the fiscal adjustment next week, and leave the submission of the anti-inflationary measures for early December.

Social Security Minister Antonio Britto and Labor Minister Walter Barelli, along with Fernando Henrique Cardoso, also supported moving up the plan. The government fears that the budget scandal might reach higher levels than the current ones, jeopardizing political stability.

Freire and Simon have already begun to make arrangements with party leaders for the approval of the Cardoso plan. This strategy may even make the government abandon the idea of abolishing the Regional Integration Ministry and the Social Welfare Ministry. Instead, the economic team would empty the two ministries through budget cuts.

Fernando Henrique Cardoso himself holds daily talks with congressmen, seeking political support for the economic plan. Luis Eduardo Magalhaes, the PFL [Liberal Front Party] leader in the Chamber of Deputies, has been the target for the minister's special attention. The PFL is being described as essential for the program's approval by Congress.

### Head of Congressional Committee on Budget Fraud Interviewed

*PY1711013993 Rio de Janeiro O GLOBO in Portuguese 15 Nov 93 p 3*

[Interview with Senator Jarbas Passarinho, chairman of the Congressional Investigating Committee dealing with the budget crisis, by Aguinaldo Nogueira in Brasilia, date not given]

[Text] [Nogueira] In your opinion, how far does this CPI [Congressional Ivestigating Committee] intend to go?

[Passarinho] It is not easy to achieve documented evidence. Many people decline to testify for fear of retaliation. The impression the CPI board has is that this could lead to the creation of other CPI's. For instance, corruption takes place on a two-way street. If you have no corrupt men there will be nobody doing the corrupting. This will be

impossible to investigate in the short period of time we have. But I am certain that this CPI will produce many other results.

[Nogueira] What difficulties is the CPI encountering?

[Passarinho] The testimonial evidence, which in the end allows for a conclusion and consequently a means for the Attorney General's Office to act, runs into people's fear to speak. Our prospect is to get enough evidence for conviction through one of the four subcommittees (on banks, amendments or budget, social subsidies, and assets). If the individual is selling goats without having any goats to sell, it is a sign that there is something wrong. Most of our conclusions stem from these committees, but Senator Bisol (coordinator of the subcommittee on assets) depends on the Brazilian notary offices.

[Nogueira] What other CPI's could emerge as a consequence of this?

[Passarinho] We are receiving denunciations all the time. Now, for instance, there are some denunciations against the Judicial Branch. Deputy Mercadante (Aloizio Mercadante, Workers Party, Sao Paulo) said he is receiving denunciations against the judicial branch every half hour. This cannot be brought to the CPI, but can be taken to the superior courts. In this area the president of the Republic has already contacted us, expressing his willingness to fulfill his obligation of ordering an investigation.

[Nogueira] Would that CPI be able to take action concerning the Executive Branch?

[Passarinho] On everything related to the illegal use of the budget, regardless of who the individual may be, our CPI will be able to take action. One of the errors I would like to have stressed is that people claim I am limiting the performance of the CPI in order to expedite the work. I cannot escape from my constitutional obligations. The CPI was created for a given concrete matter, in this case to deal with the denunciations made by Mr. Jose Carlos Alves concerning the illegal use of federal funds by some congressmen, by the government, and by some companies. But if there are denunciations, for instance, that a given political personality had increased his earnings too much over the course of time, without this being the result of illegal use of the budget, I cannot order an investigation.

[Nogueira] It is regularly heard that congressional immunity contributes to scandals such as that of the budget. Is that true?

[Passarinho] That is a great mistake. Congressional immunity does not protect anyone involved in corruption. It was born along with parliaments, which in turn were created in opposition to the absolutism of kings. Immunity means to guarantee the idea of granting the opposition the possibility of functioning. There are two types of immunity, the formal and the procedural. I have been defeated in the idea of following what is in the German Constitution, of not having immunity for crimes against honor.

[Nogueira] In that case, would congressional immunity automatically lose its effect?

[Passarinho] Yes. If an individual attacks the honor of another individual, he has no right to remain immune to a lawsuit. But today immunity is being guaranteed by the boards (of the Chamber of Deputies and Senate). If the individual commits a crime of slander he is submitted to a trial, but this then comes up against the boards, which do not allow any opportunity for the continuation of the process. That has to be changed. But if all immunity is eliminated, such as those for the vote, words, and opinions, you will provide to any president the possibility of eliminating the opposition. And it will be unable to say anything.

[Nogueira] The Judicial Branch argues that one of the difficulties in fighting corruption in public administration, especially when it involves congressmen, lies in the impossibility of obtaining a license to file suit against them.

[Passarinho] The board (of the Chamber of Deputies and Senate) prevents the trial, arguing that for as long a he is a congressman he cannot be submitted to a trial. If he is not reelected, then the trial can continue. But many are reelected, and the trial ends up in prescription. This has to be reviewed, but not with the idea of definitively eliminating congressional immunities.

[Nogueira] One of the things that is being discussed concerning the CPI on the budget is that those congressmen who are involved might resign to prevent the lifting of their term in office, and thus be able to participate again in the next elections. How can this be avoided?

[Passarinho] Today I was surprised by a public opinion poll reporting that the people prefer resignation. We have to achieve something to prevent resignation from becoming a way to frustrate punishment. Probably, if there is no precedent, the CPI's final report will include a constitutional amendment proposing that those who resign to escape punishment will be automatically become ineligible. This could even mean ineligibility for several terms, according to what the law says, in punishment, without deterring any action the Attorney General's Office might take. The congressman can resign, but the money he swindled, the wealth he illegally accrued, will not be eliminated by the resignation, and the action adopted by the Attorney General's Office will fall upon him.

[Nogueira] And will a constitutional amendment submitted now have effect on the congressmen investigated by the CPI?

[Passarinho] The CPI would serve as a model, but the effects of the amendment would be generic, and I think the Chamber of Deputies and the Senate are willing to do so.

[Nogueira] Are you a candidate for president?

[Passarinho] That is the worst thing that could be done to the CPI, because it would destroy my banner, which is that of not turning it into a political platform. I do not have the slightest intention of running for president.

*** Informant Testifies on Death Squad Actions, Escobar**

*94WD0083Z Sao Paulo ISTOE in Portuguese*
*13 Oct 93 pp 74-77*

[Article by Francisco Alves Filho: "A Super-Gang"]

[Text] Extortion. Massacres. Drug trafficking. Robbery. Connections with the Medellin Cartel. It sounds like a poster for a movie featuring adventure and terror, but these are only some of the ingredients in the testimony given by stool pigeon and former Army NCO Ivan Custodio Barbosa de Lima, who has sent the Rio police into a panic. Arrested at his home in Sepetiba on 4 September during investigations into the 30 August massacre at Vigario Geral—and now held under heavy guard at a police station—Custodio has already given 16 hours of testimony to Justice officials. His appalling revelations incriminate more than 100 civil and military policemen. Not even police chiefs who frequent the outer office of Lieutenant Governor and Civil Police Secretary Nilo Batista are exempt.

That there are ties between the police and Rio's outlaws was already known. With Ivan Custodio's charges, however, we discover that we knew about only one-tenth of the tip of the iceberg. Meticulous in his recital of names and data, in his depositions, the police informant assembled the framework of a complex apparatus—a regular killing machine, in whose workings police and traffickers conspired. Following are some of his stunning revelations:

- The killing of five residents of the Vigario Geral shantytown was chillingly plotted during a macabre meeting held at a cemetery on the outskirts of Rio by civil and military police who were part of the gang. Before invading the *favela*, they were intercepted by a traffic-police roadblock. They told their colleagues they were going to carry out a "bust" in Vigario Geral; even so, they got the green light. The announced "bust," which became a massacre, was in retaliation against traffickers who are believed to have murdered four military policemen.
- Ivan Custodio recognized 28 policemen who are on trial in the Second Jury Court for the massacre.
- Civil and military police routinely arrest traffickers in order to coerce them into handing over weapons, drugs, and money.
- For every 10 traffickers arrested, only three are jailed. The others buy their freedom. Police informants—dubbed X-9's—who are supposed to report locations of drug markets, are actually being used to indicate which traffickers are handling the most cash.
- The principals involved in the extortion network are alleged to be Chief Antonio Nonato da Costa, former director of Drug Enforcement Headquarters, and Military Police Colonel Emir Larangeira, Reserve, now a state deputy, who until 1990 headed the 9th Battalion of the Military Police.

All this, despite the explosive content of the charges, looks like small potatoes in comparison to the most spectacular of all the denunciations: Rio policemen are said to have mounted a successful extortion scheme against the most famous drug trafficker of all time: Pablo Escobar, the Colombian who is the boss of the Medellin Cartel.

With a prize of $3 million on his head in Colombia and hunted by police all over the world, Escobar is said to have been discovered on the beaches of Rio de Janeiro State, but instead of getting arrested he paid $10 million to be allowed to leave Brazil. Important details: the brains behind the extortion, according to Ivan Custodio, were detectives Nelio Machado, Ricardo Wilker, and Chief Elson Campello—the latter special advisor to Civil Police Secretary and Lieutenant Governor Nilo Batista. The middleman in the deal between Escobar and the police is said to have been attorney Michel Assef.

Judging by Campello's background, the charges cannot be said to be pure insanity—as the accused would have us believe. Campello was once indicted for unjust enrichment, he has property—including a mansion in Teresopolis and a duplex penthouse in Barra da Tijuca—inconsistent with his police officer's salary. When he was being investigated, he claimed he had managed to acquire these assets by providing expert service, as a freelance, for law firms. At any rate, the black mark remains, and it is certainly strange that he worked until last week—when he was dismissed from the job—as special advisor to Nilo Batista.

Those accused by the X-9 resorted to the usual arguments: "You cannot put much faith in what a criminal says." True, informant Ivan Custodio's past is not exactly that of a seminary student. His resume shows he served in the Army from 1972 to 1977. He developed his skills as informant during the peak years of the military repression. He left the Army as a noncommissioned officer and began working as a street vendor in Copacabana, where he became acquainted with civil and military police who initiated him into the job of X-9, or "finger-man." He was arrested by the Secret Service of the Military Police during the investigations into the Vigario Geral massacre because his name appeared in an appointment book belonging to one of the accused policemen. That was when he started hollering. His decision to do so, he later said, was a strategic move. Had he not spoken up, he would not have obtained court protection and would have ended being killed in jail.

Despite the X-9's possible character flaws, his denunciations have plenty of factual basis. As to megatrafficker Pablo Escobar, it was rumored that in February 1992 he had stayed at a hotel in Parati and celebrated Carnival in Angra dos Reis. This report came from a boatman, who later turned up missing, and was investigated by Prosecutor Talma Castelo Branco Junior. Nothing, however, was proven. Escobar is said to have made his escape, during his sojourn along the Rio coastline, in the official car used by the undersecretary of the Civil Police, Chief Joel Vieira, who was eventually fired on Thursday, 7 October. Oddly enough, at the time Escobar would have fled, Vieira had reported the theft of the official car he was using.

The first report about Escobar's presence in Brazil was not taken seriously. This time, after the testimony by Ivan Custodio, Secretary Nilo Batista launched an expedited investigation, to be completed within 10 days, to find out whether or not Escobar really was in Rio. On Monday 4 October, the corregidor-general of the Civil Police, Chief Alvaro Luis Pinto e Souza, set out on a trip to collect clues about the visit by the famous Colombian trafficker. He went first to Pero beach in Cabo Frio, where the Medellin Cartel boss and his bodyguards are said to have stayed. The corregidor raided a suspected house in a luxury condominium community, but found no trace of Pablo Escobar. The investigation then centered on Tucus Island, in Buzios. Some clues that have not yet been confirmed must surely have been found. Otherwise Corregidor Alvaro Luis would not have scheduled a trip to Colombia, to be taken very soon, to retrace the route the trafficker would have taken to Brazil.

**[Map, p 77]**

Pablo's Itinerary

1. Pablo Escobar is thought to have stayed at the Pousada do Sol hotel in Parati, in February.

2. The big boss of the Medellin Cartel is said to have passed through Angra dos Reis during Carnival.

3. In Resende, the Federal Police arrested American attorney Frank Diaz, alleged representative of Pablo Escobar.

4. According to a key witness, Escobar spent the first few months of the year in a house in Cabo Frio.

5. Police are investigating the possibility that Escobar spent some time in Buzios.

The United States is also interested in this case. On Wednesday 6 October, the Drug Enforcement Administration (DEA) informed the Brazilian Government of its intention to assist with the investigations. The Military Police Secret Service is also doing an investigation, on its own, to confirm whether police help broker the sale of drugs from the Medellin Cartel to dealers from the Red Command in Rio. That would explain the impressive firepower displayed by the traffickers. Besides dollars, the crooked cops are said to have received part of the drug shipment to use in making their own deals.

While Pablo Escobar's route is being checked out, there is plenty more to investigate. In his story, the informant explained several other crimes, all committed by police. One of them is the mysterious disappearance of Oswaldo Cruz Foundation employee Jorge Antonio Carelli on 11 August, in the Marchal Hermes suburb of Rio. An informant and a policeman from the Antikidnapping Division are alleged to have kidnapped Carelli, having confused him with an area drug dealer. When they discovered their mistake, they killed the young man and threw his body into the Meriti river.

Another crime committed by police was the murder of Edmeia Euzebio, one of the leaders of the group known as the "Mothers of Acari," comprised of relatives of 11 young men believed to have been abducted and murdered by MP's in 1991. According to Custodio, the man responsible for Edmeia's death is soldier Eduardo Creazola, who killed her because she was "meddling in the case too much." Creazola is one of the policemen arrested and charged with participation in the Vigario Geral massacre. Notations in his appointment book led police to clues that the death squad known as the "Race Horses" [*Cavalos Corredores*] had a role in the massacre.

As a result of Ivan Custodio's accusations—which also disclosed crimes of receipt of weapons shipments and theft and smuggling of weapons—the Rio government began a cleanup of its police force, dubbed Operation Clean Hands. The name alludes to the courageous investigation conducted by the Italian Judiciary into connections between the Mafia and politicians, businessmen, and others who were seemingly above all suspicion. "If all this effort does not fix up the police force, I guess the only solution will be to shut down all the police stations and battalions," said Nilo Batista. To clear the way for the probes, he dismissed 11 police chiefs and 23 other police officers who held important positions. This time neither Police Undersecretary Joel Vieira nor Chief Elson Campello escaped. Police chiefs and detectives who had not been on the front lines of the Rio police were appointed to fill the vacancies. Nilo believes they are immune to the vices that afflicted their predecessors.

If there is anyone who believes most of the accusations made by Ivan Custodio, it is the secretary of the Civil Police. "They have privatized the police to their own advantage," said Nilo, who insists the probe will continue. Obviously, overhauling the public safety structure in Rio de Janeiro makes things awkward for Batista himself, inasmuch as the charges spatter mud on people very close to his office. Dismissed because of the accusations of extortion of Pablo Escobar and receipt of illegal payments for the recovery of stolen cars, Chief Elson Campello cried buckets in Nilo's office. And he also swore he is innocent. "I think that guy heard that story somewhere and got it all mixed up. This is not the first time I have been the victim of some fantastic story."

What really seems like a fantastic story was the incredible exchange of pleasantries that took place last week between Deputy Emir Larangeira, a former policeman, and drug trafficker Darcy da Silva Lima, aka Cy de Acari, now an inmate in the Bangu I maximum security prison. Larangeira was accused by X-9 Ivan Custodio of having financed his 1990 election campaign with money obtained from the trafficker. On Tuesday 5 October, Cy de Acari took the trouble to write a letter, published in the newspapers, in which from the height of his probity as a narcotics trafficker, he denied having sponsored the deputy. Cy de Acari took advantage of the occasion to shower accolades on former Colonel Larangeira who, by the way, was responsible for arresting him. He wrote, with a certain refinement of language, that "the arrest of the undersigned

was handled with integrity and dignity, both as regards the police who carried it out, and the aforementioned colonel."

The cordial treatment between Cy de Acari and former Colonel Larangeira is just as significant as the deposition by Ivan Custodio, because it attests to the high degree of promiscuity that characterizes police-bandit relations in Rio de Janeiro. The letter from Cy de Acari is a sad, terrible, affirmation of the moral decay that pollutes the police forces. Now, with these revelations from Ivan Custodio, the authorities are armed with more than enough information to dynamite, once and for all, that corrupt and vicious structure that embarrasses this country. Society can no longer put up with so much violence. The public hopes that the *carioca* version of Operation Clean Hands amounts to more than rhetoric and will justify, with energetic and devastating actions, the name it borrowed from the Italian judiciary.

**[Box p 76, text by Benicio Medeiros]**

**Cocaine and Corruption—The Social Issue and the $600 Million Worth of Drugs**

Given the impressive wealth of detail, the disclosures by stool pigeon Ivan Custodio Barbosa de Lima offer a golden opportunity for a well-conceived cleanup of the underworld of the Rio police, by dismissing yet another battalion of crooked cops.

The charges also serve to bury, once and for all, the idea that a "civil war" is about to break out in Rio between a frightened middle class on one side and, on the other, hypothetical bands of slumdwellers ready to swarm down the hillsides to attack the city.

The social contrasts in Rio, as in every Brazilian megalopolis, are visible and shocking—luxury condos and shacks stand side by side. But Ivan's testimony has made it clear that it is no class struggle that led to the chaos that established itself on hillsides abandoned by government authority and delivered into the bondage of gangsters.

Since the days of the notorious Lucio Flavio, the spurious connections between police and bandits are nothing new. Now, the charges by the bombshell witness tell us about a sea of mud that is much deeper than we could have guessed. They absolutely do not, however, point in the direction of an "imminent civil war." Rather they suggest the existence of a conglomerate—a killing machine fueled by cocaine and corruption. It is this "holding company of crime" that is behind the massacres, the shootouts, the exploitation of minors, and the impunity enjoyed by the kings of organized crime.

According to police estimates, the cocaine trade now does an impressive $600 million worth of business every month in Rio; this is three times what the city collects in ICMS [Goods and Services Movement Tax], or triple the net worth of a company the size of Brahma [beverages].

It is this shocking volume of money, more than any sociological theory, that explains it all: everything from the assets owned by certain police officers—who earn very little but trade in luxury cars and live in splendid penthouses—to the sophisticated arsenals of the traffickers that have attracted so much attention from the Army.

Under these circumstances, the oft-repeated suspicion that megatrafficker Pablo Escobar, in partnership with the Rio police forces, is transforming the hillsides of Rio into branch offices of the Medellin Cartel comes as no surprise. As the late President Washington Luis would say—and this time he would be right—it is not a social issue, but a case for the police. Now, to some extent, things have been explained. It is up to the authorities to act uncompromisingly to disassemble, piece by piece, the hideous crime machine that has set up shop in Rio.

**[Box p 78]**

**"I'm the Judge in the Massacre Case"—A Woman Who Is Not Afraid of 31 Strong Men**

After Denise Frossard—the woman judge who became internationally famous for jailing the top echelon of the Rio numbers game, to the delight of Brazil's feminists—another woman of courage comes on the scene, the candidate for a new star among magistrates. She is Maria Lucia Capiberibe, judge of the Second Jury Court in Rio, where three of the most talked-about cases in the country are being heard: the Daniella Perez murder case and the massacres at Candelaria Church and Vigario Geral. It was Maria Lucia who spent 24 hours questioning key witness Ivan Custodio, the man who revealed to the public, in all its vulgar details, the promiscuity that exists between the police and the criminal element. Judge Capiberibe estimates that she has now spent 100 hours trying to resolve the two massacre cases, during which she heard witnesses and came face to face with the truculent individuals suspected of some of the most revolting crimes ever committed in this country.

The sum total of all the barbarity she has heard about does not depress Judge Capiberibe. "I do not let it get me down. I am a happy person." Happy, but not smiling, as befits a magistrate. Despite urgings, she would not smile for the camera. "I am the judge of the massacre case. I see so many sad things, I cannot go around smiling," she said. Nor can she take chances. Although she detests guns—"I don't even like to look at them,"—Maria Lucia Capiberibe and her family are now protected by a heavy security scheme, ordered by the president of the Superior Court, Judge Antonio Carlos Amorim. She appreciates it: "Look, it would be impossible to do more, unless you deploy the Army around me." Aware of the risks she runs, she prefers to rely on God. "I talk with Him every night." Especially those nights when she cannot sleep, like two she experienced recently. Then, she said, she stayed awake wondering what she could do to guarantee calm at the hearing that brought together all 31 defendants in the Vigario Geral massacre case.

Maria Lucia appeared to reflect for a moment on the risk that a woman judge might face at a time like that. "There are 31 strong men, and they are not wearing handcuffs."

But she says she is not afraid. "I feel more loved than hated. Even after I sentence someone, I get nice letters. I give the defense counsel every chance, and, when in doubt, I go by what the defendant says." At the hearing with the Vigario Geral defendants, she arranged the space in the room so that the more than 40 attorneys present could talk with their clients. "At a trial, the judge has to maintain a balance between the parties so that the confrontation can be established: equal opportunities for the prosecution and the defense."

Maria Lucia Capiberibe comes from a family with a long tradition in the Law. She is a niece of Edmundo Macedo Ludolf, who was a federal court justice. She has aunts and uncles who are lawyers, and nephews and a son who studied law. Her mother, 73, is active in civic affairs; her husband, Padilha Sodre, is also an attorney. The best medicine for combatting the stress caused by her profession, she says, "is a good shot of whiskey, preferably 12 years old." But not even whiskey can relax the judge enough to get her to talk about her personal life. "For security reasons, I do not give information about my family," she explains. Likewise, but for other reasons, she keeps quiet when the subject is Ivan, the bombshell witness. "The Charter of the Magistracy prevents me from talking about it."

The austerity imposed by the rules of the court is circumvented only once: "During recesses, I always reapply my lipstick."

### * Impact of Late October Scandal on Planalto Seen

*94SM0094A Sao Paulo VEJA in Portuguese 27 Oct 93 pp 52, 53*

[Text] "Making the position available" is a quintessentially Brazilian expression that means the same as "struvs." The reader does not know what "struvs" means—of course, since "struvs" does not mean anything. "Making the position available" does not mean anything, either. And yet, that was what Ministers Henrique Hargreaves of the Civilian Household and Alexandre Costa of Regional Integration officially did last week. They had been named by former official Jose Carlos Alves dos Santos as being involved in the Budget scandal. Making the position available to whom? To the president, naturally. But aren't the ministers' jobs always at the disposal of the president under the Brazilian presidential form of government, since he is the one who appoints them and dismisses them whenever he sees fit? Do not try to understand what is not meant to be understood. Interpret the report, released by Planalto Palace, that the ministers made their positions available as just another joke told by the Itamar Franco administration, but do not laugh too hard. The discomfort in the administration is serious and may, as early as this week, result in a mass resignation of ministers, if not something worse.

A crisis that is viscerally a Legislative Branch crisis just as much as last year's crisis during the impeachment of President Fernando Collor was an Executive Branch matter, has depressed and brought more unpleasantness to President Itamar Franco. A crisis from which he might even have been able to extract an advantage, in the form of advancing and gaining ground at the expense of another lame duck (the Congress) has ultimately brought more indecision and more paralysis to a government that has more than enough of both.

"Today, President Itamar Franco is half Sarney/half Figueiredo," a friend of the president said. The Sarney side of him, the one that complains about the price of medicines and plays the role of ombudsman, wants to stay in power. The Figueiredo side, which cannot stand seeing the inflation rate rise and his popularity slide, wants to step down."

Yes, he said "step down." People were even talking about that, last week, and doing so at the initiative of Itamar himself. Taking his cue from Rio de Janeiro Deputy Miro Teixeira (PDT) [Democratic Labor Party], who took advantage of the crisis to revive an old idea of his, the concept of a "democratic rupture" that would involve having all holders of elective office resign their positions in preparation for advancing the date of the general elections, the president hastened to send word that by no means should anyone consider him an obstacle to such a proposal. In other words: if it were for the good of all and for the sake of national happiness, he is prepared to shorten his term of office. Senator Pedro Simon, speaking on the floor of the Senate, was the one who transmitted that message. Prices on the stock exchanges that day—Monday—dropped 9.5 percent, to mention only one of the effects. Several attempts were later made to recast the president's statement. It was described as a sarcastic response to Miro Teixeira's proposal, something like: "I would just like to see if you have the courage to resign. That'll be the day; I'll stake my tenure on it." The fact is, it was the president who brought up the subject of stepping down, and that always generates insecurity and uncertainty under any circumstances, in any country.

#### Magri and Alceni

The inclusion of Hargreaves's and Costa's names in the charges marks the opening chapter of a typically Itamarian soap opera. In the first act, the president told people close to him that by no means was he seeking the departure of the two aides. That would be prejudging them and throwing them to the wolves. As for Hargreaves and Costa, they did not want to leave either, so both sides were in agreement. Senator Pedro Simon, however, who has recently become much more active in government maneuvers, and seems less and less inhibited both within and outside the administration, did not like this and told Itamar: "If Hargreaves and Alexandre remain in the administration, then I will be forced to take the floor and say that this administration now has its Magri and its Alceni" [reference to ministers in the Collor administration who resigned under a cloud of scandal]. That was electrifying. People know how sensitive Itamar is to suggestions that anyone around him may not be honorable. But it was not enough of a shock to convince the president to unload the two old friends. It was than that the solution

of "making the positions available" was invented. It was still in effect at week's end, and who knows what that might mean.

Hargreaves and Alexandre Costa went to their offices as usual all week long, or almost as usual. The first thing that was unusual was that Hargreaves asked, and got, physical protection from the Security Secretariat of the Federal District. Second, neither Hargreaves nor Alexandre Costa were invited to attend a cabinet meeting held on Thursday to discuss the fiscal adjustment. On the other hand, both were awarded the Aeronautics Order of Merit at a ceremony at the Brasilia Air Base attended by Itamar. Other recipients were Deputies Messias Gois and Jose Luiz Maia, two who are up to their necks in accusations by Jose Carlos dos Santos.

Maybe Itamar is torn on this issue, perhaps he has changed his position, but the truth is that on Thursday he confessed in a private conversation that he was very disappointed with Hargreaves and Alexandre Costa because they had not submitted their resignations. And so the clouds over Planalto Palace thickened. To the frustrations about inflation, the lack of brighter prospects, and the president's seemingly limited understanding of the problems we can now add the issue of two ministers who have become a heavy load to carry. Actually, there may even be three ministers, since Justice Minister Mauricio Correa, in his umpteenth blunder, was accused of having been warned by the Federal Police as early as last March about the Jose Carlos dos Santos case, but took no action. It was in that context that the idea of a mass resignation took shape in the mind of Finance Minister Fernando Henrique Cardoso. On Friday, he told an advisor that he would suggest it this coming Monday, as a way of giving Itamar a chance to get rid of the ministers who are bothering him.

**"It Is Ridiculous"**

The moral of the story is that an administration congenitally disposed to depression and paralysis has ended up reaping more depression and paralysis from a crisis that, since it is occurring in another branch of government and actually affords it a chance to move forward, could have done the exact opposite—i.e., energized it. The president's state of mind can be judged by the fact that Itamar now leaves the palace at 2000, whereas he used to stay at least until 2200. The president is still a friend—even a confidant—of Fernando Henrique, but now exhibits a penchant for at least throwing cold water on any idea that comes out of the Ministry of Finance, when he does not veto them. This applies to everything from a tax increase to a comprehensive constitutional reform aimed at the fiscal adjustment. In a conversation last week at Planalto Palace, the president twice asked his interlocutor what he thought of Fernando Henrique's performance, which confirms what we already knew: however much he may trust them, the president is never very sure about the courses taken by his assistants.

"It is absolutely ridiculous that the administration has two ministers like Hargreaves and Alexandre Costa," said Roberto Freire, the administration's leader in the Chamber, thereby confirming another trait of the present federal administration: controversies among its members. "There is no way the administration can keep them in office while the investigations are going on," added Freire. For his part, in a conversation with an advisor, Fernando Henrique reaffirmed: "Either Itamar figures out a way to shake off this paralysis now, or he will end up resigning."

## Colombia

### Gaviria Signs Agreement With Jamaican Prime Minister

*PA1711040293 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1200 GMT 13 Nov 93*

[Text] Santa Fe de Bogota—In what proved to be a tacit recognition of Colombia's sovereignty by one of the English-speaking Caribbean's most important countries, President Cesar Gaviria has signed with Jamaican Prime Minister Percival Patterson an agreement that will make it possible for Colombia to expand its recently acquired influence in the area.

In addition, Gaviria and Patterson signed a joint statement pledging to stimulate economic integration as soon as possible and to cooperate in the counternarcotics struggle and on cultural issues such as teaching Spanish on the island. After signing the agreement, Gaviria said the two countries will not only work together as they had been doing at international forums such as the United Nations and OAS, but they expect to continue to improve their economic and cooperation ties through the creation of an Association of Caribbean States in the near future and the future free trade agreement of the Group of Three and the Caribbean Common Market.

The Colombian president identified this process as part of the reorganization of countries into economic integration groups. He pointed out that the North American Free Trade Agreement [NAFTA], which is pending ratification by the U.S. Congress and President Bill Clinton, will have consequences on the region. NAFTA will determine whether or not the United States, the world's largest economy, will be an active participant in the process and at what rate the area can advance to more liberal trade in the hemisphere, Gaviria said.

### Reports on Marine Border Treaty

*PA1711040593 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 13 Nov 93*

[From "NTC News" newscast]

[Text] President Cesar Gaviria today presented a report on the delimitation border treaty with Jamaica. He assured that the signing of the border agreement on marine and submarine waters with his Jamaican colleague, Prime Minister Percival Patterson, sets the stage for expanding markets and strengthening the economies of both nations. The president said in Kingston that the treaty between the Association of Caribbean States and the G-3 [Colombia,

Venezuela, Mexico] will consolidate economic relations between Colombia and Jamaica. Here is what President Gaviria said:

[Being Gaviria recording] Besides this exclusive economic area where we can exploit our natural resources, there will also be a common area that we will exploit jointly. [end recording]

Turning to another subject, President Gaviria referred to the resumption of diplomatic relations with Cuba, labeling them as an action of free understanding between nations.

[Begin Gaviria recording] Colombia has always believed it appropriate for Cuba to return to the community of American states. [end recording]

The two leaders also signed agreements on the struggle against drug trafficking and on cultural exchange.

**Chamber of Representatives Approves Post of Alternates**

*PA1711044793 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 17 Nov 93*

[Text] The post of alternate congressman reemerged today when an amendment on the new Constitution was approved in a heated debate during the Chamber of Representatives plenum. Although the new Constitution had forbidden them, the alternates were approved by 83 votes at the Chamber of Representatives.

The debate, which was preceded by speeches, became heated when some of the parliamentarians realized that their vote had been changed. With the approval of the proposal, the congressmen can be substituted for by the next in line on the list whenever the congressman is absent for some time or permanently.

[Begin recording] [Jairo Clopatosky] It is a shame for Congress to have approved this proposal today. By reinstating the posts of substitutes, we are nullifying all of the efforts of the Colombian people and the 1991 constituents.

[Camilo Sanchez] Earlier, the congressman who resigned had to quit for good. Now he can return whenever he wishes.

[Manuel Velasquez] This approval in such a manner makes it possible to inherit the position into which the alternates can step whenever the principal goes away for at least one year—and with paid leave. [end recording]

The congressmen who voted no said they will collect signatures throughout the country for the next six months to have this new law repealed.

**ELN Execution Squad Reportedly Kills Two Members**

*PA1711010393 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 15 Nov 93*

[Text] It was reported in Medellin on 15 November that in Tarso, 116 km southwest from this city, an alleged National Liberation Army [ELN] execution squad killed two extortionists and fellow ELN members, Jose Ignacio Betancur Sanchez, alias the Priest, and Hector Roas, 22 years old. The two individuals, who were also under investigation by the authorities for terrorist activities, died while trying to escape in a four-wheel drive vehicle.

**Roundup of Economic Developments 9-16 Nov**

*PA1611221893*

[Editorial Report] The following is a compilation of reports on Colombian economic developments monitored through 16 November. Source follows in parentheses after each item.

The National Council for Economic and Social Policy has announced the government's economic goals for 1994. According to an official report, the inflation rate for 1993 has been estimated at 22 percent and is expected to drop to 19 percent in 1994. The same report says that the GNP will grow by 4.5 percent in 1993 and between 4.5 percent and 5 percent in 1994. It was also announced that the industrial sector will grow by 3.8 percent in 1993 and between 4 percent and 4.5 percent in 1994, while the agricultural sector will grow 3 percent in 1993 and between 3.7 percent and 4 percent in 1994. The government has estimated that by the end of 1993, imports will grow 48 percent in 1993 and 21.7 percent in 1994, while exports will grow 4 percent by the end of 1993 and 12.8 percent in 1994. International reserves will increase $104 million in 1993 and $473 million in 1994. The fiscal deficit, based on the GNP, will be .6 percent in 1993 and 1.2 percent in 1994. (Santa Fe de Bogota EL TIEMPO in Spanish 12 Nov 93 pp 5B, 7B)

The Colombian Petroleum Enterprise reported on 15 November that oil exports totaled $80 million in October and that average daily production during that same month was 463,000 barrels. (Madrid EFE in Spanish 2327 GMT 15 Nov 93)

*** Effect of 'Apertura' on Unemployment Examined**

*94SM0071A Santa Fe de Bogota EL ESPECTADOR in Spanish 9 Oct 93 p 6B*

[Article by Gilda Sarmiento]

[Text] While the "apertura" [economic liberalization] program has definitely not generated unemployment as expected, it has also not accelerated the rate of economic growth.

Some warning signals have appeared: urban employment practically stagnated between June 1992 and June 1993, and there has been a strong deterioration in the job situation in coffee and banana-producing regions.

Another major challenge is structural unemployment, which is basically concentrated among young people under 20 and women over 20: 70 percent of the unemployed are in these categories.

But just any job is not enough; job quality must be upgraded, as wage earners are still in a very unstable position and independent workers have very low productivity and income levels.

A crisis is possible, but if it should occur, unemployment would not soar to levels like those in the mid-1980's, when unemployment reached 15 percent.

To keep unemployment under control, that is, below 10 percent, which is considered moderate, and even to reduce it gradually, moderate economic growth is required.

**The Big Challenge**

Over this panorama hovers uncertainty about the future exchange revaluation caused by the entry of foreign currency after the discovery of the Cusiana and Cupiagua oilfields.

The experts say Colombia's big macroeconomic challenge in the 1990's will be its exchange policy.

"Inflation certainly has to be lowered; without that it will not be possible to increase national competitiveness and restore the working population's real income level. But this must be done without hurting economic growth and jobs, that is, without damaging export activity and domestic production, both urban and rural."

That is the view of University of Antioquia researcher Hugo Lopez Castano, considered one of the most knowledgeable people on the subject of jobs.

"The Colombian Macroeconomic Context, Urban Labor Market, and Challenges Facing a Jobs Policy" is the title of a study Lopez Castano did for Fescol [Colombian Social Studies Front]. In it he lists some positive factors concerning the behavior of unemployment: unemployment has lost its cyclical nature; the informal economy is still large, but it has diminished slightly; labor instability—even though very high—has cooled off; and pressure from young people trying to enter the job market continues to abate.

But the report also covers negative aspects, like the fact that despite progress in recent years, there still remains an enormous mass of unstable employment in the cities, and that the loss of purchasing power by both wage earners and independent workers that began in the middle of the 1980's has not yet been recovered.

**What About the "Apertura"?**

After the crisis in the first half of the 1980's greatly hurt the urban job situation, things began to improve substantially in 1986-87. Even though higher inflation moderately reduced workers' real wages, jobs multiplied and showed some signs of modernization.

But the "apertura," said Lopez, has not yet generated an acceleration in the economic growth rate and despite modest growth, the gains (at the end of the 1980's) were consolidated between 1990 and 1992. In addition, during the present decade, macroeconomic management has had some big problems.

The disturbing thing is that in the first months of 1993, some alarm signals began to appear.

"Toward the end of 1992, urban jobs did not seem to be affected; but in 1993 some indicators began to give warning signals to the experts. For the first time in many years the employment coefficient in the four major metropolitan areas (jobsorking age population) declined (-1.2 percent) between June 1992 and June 1993 (paradoxically, the unemployment rate dropped two points, as participation in the work force had substantially declined). At the same time, the job situation in the coffee and banana-producing regions is strongly deteriorating."

The provisional balance, according to the study, is mixed; inflation has finally sagged, and in 1993 should not exceed 22 percent.

Still, despite economic reforms, GDP [Gross Domestic Product] growth has not substantially accelerated: 3.5 percent for 1990-92 versus 4.6 percent for 1986-89.

The big challenge for macroeconomic policy in the 1990's will be the exchange policy, since poor management would seriously impact both domestic business activity and jobs.

So the results of the new model still remain to be seen. Predictions about the effects of the "apertura" have not yet been borne out and those on job quality are still uncertain.

**"Apertura" Versus Jobs**

In theory, the "apertura" should help improve job quality in Colombia in this way: wage levels should rise (reabsorbing unsalaried, more precarious jobs), and productivity should grow, boosting wages, and bringing about a steady decrease in poverty.

But in practice, the adjustment process will be slow, as the instability of unsalaried employment is very high and has barely begun to moderate. Average real salaries have deteriorated since the mid-1980's, and social security coverage is very limited.

Even if Colombia manages to elude the perils of revaluation, there is still the risk that the "apertura" may promote small and medium-scale activities intended for export (like dressmaking and leather goods), based primarily on workers in unstable jobs paid very low wages.

**Unemployment Hits Young People and Women**

Several conclusions arise from the employment situation record for 1990-92:

- Urban unemployment has been acquiring a markedly structural character.
- An active policy to reduce structural unemployment is needed, by promoting an employment service, with job training and retraining by SENA [National Apprenticeship Service].
- The labor reform (Law 50 of 1990) has accentuated job instability for the oldest workers but has reduced layoffs during the early years of employment. It seems to have reduced the evasion of minimum wage payments in medium and large firms, but not in very small businesses.
- The probability of finding a job diminishes with the

length of time spent in a job search. Anyone who does not find work at the beginning tends to remain unemployed. That is a sign of lack of skills.
- Almost all of the recent reduction in unemployment is due to a reduction of the length of time spent seeking jobs. However, this is still longer than during the 1970's.
- The impact of women in the work force is growing. The market has not adapted quickly enough.
- The importance of minors is declining. The number of retirees is rising while the number of first-time job seekers is declining.
- Young people under 20 and women over 20 make up almost 70 percent of the unemployed. Young people are jobless for a short time, while women over 30 spend long periods of time unemployed.
- Informal employment remains high, but is diminishing.
- Employment in midsized and large companies has risen.

*** ANDI Views G-3 Accord With Mixed Feelings**

*** Concern About Mexico**

*94SM0083A Santa Fe de Bogota EL ESPECTADOR in Spanish 14 Oct 93 p 5B*

[Text] The industrialists of Colombia have expressed satisfaction with the definition established in Trinidad yesterday concerning the terms of the agreement reached by Colombia, Venezuela, and Mexico on free trade. However, they said that they are still concerned about the broad gap separating the economies of these nations. "The industrialists favor trade integration between Colombia and Venezuela, but they have reservations about what will happen with Mexico, because its economy is much more powerful in many sectors," a spokesman for the National Association of Industrialists (ANDI) stated. Recently, a report drafted by the Office of the Comptroller General in which the development of the economies of Colombia and Venezuela in the last decade was analyzed said that integration with Mexico could affect the trade dynamics achieved by these two nations. "This is because the differences in terms of size and competitive capacity put Colombia and Venezuela at a definite disadvantage in relation to Mexico, and because the strategic priorities of the Aztec country are focused on the North American Free Trade Agreement (NAFTA) with Canada and the United States," the report said.

At a meeting held yesterday in Trinidad, the presidents of Colombia, Mexico, and Venezuela agreed on the specific terms for the establishment of a free trade zone as of 1 January 1994. The agreement calls for the gradual reduction of customs duties over a period of 10 years for all products in the customs system equally, except for products in the automotive sector, which will be given preferential treatment. Trade between Colombia and Venezuela came to $1.033 billion in 1992, while the trade between Colombia and Mexico in that year came to only $246 million, according to the figures of the Ministry of Foreign Trade.

**Reciprocity Needed**

Speaking in Puerto Espana yesterday, Colombian Minister of Foreign Trade Juan Manuel Santos emphasized that his country will continue to attempt to establish asymmetrical reciprocity in its trade with the nations in the Caribbean Common Market (CARICOM). "My country would be prepared to open up its markets to the CARICOM and to allow it to open up its markets to us over some lengthier periods. We would be seeking to compensate for the differences in the levels of relative economic development among our nations," Colombia President Cesar Gaviria said at the opening session of the summit meeting. A week ago, Colombian officials met with representatives of the CARICOM in Barbados to evaluate the existing interest in seeking ways of establishing bilateral trade relationships beneficial to both parties. However, despite the interest shown by the CARICOM in establishing bilateral relations with Colombia, it is doubtful if this proposal will be accepted. This is because for the first five years, the Caribbean nations will maintain a nonreciprocal and unilateral trade treaty with Venezuela. In October of 1992, Venezuela and the CARICOM signed a trade agreement allowing Venezuela to import products from the Caribbean nations duty-free. "I do not believe that the Caribbean nations will accept this proposal, because it does not benefit them. The idea is for Mexico and Colombia to join in the process established by Venezuela, and to negotiate as a bloc, the G-3, with the CARICOM," a spokesman for the Venezuelan Foreign Trade Institute (ICE) told Reuter. However, unofficial reports have indicated that each of the countries plans to negotiate with the CARICOM bilaterally.

*** Business Sector Comments**

*94SM0083B Santa Fe de Bogota EL TIEMPO in Spanish 15 Oct 93 p 1B*

[Text] The trade associations in the production sector decided to refrain from making any comments on the G-3 agreement after stating that they were not familiar with the text of the treaty.

Based on the report published in this daily newspaper yesterday, however, some of them expressed satisfaction with the decision, while others voiced certain reservations.

Jorge Ramirez Ocampo, the president of the National Association of Exporters (ANALDEX), said that although he was not familiar with the final text of the agreement, he had the impression that many of the things agreed upon in Trinidad and Tobago are entirely different from those negotiated in recent months.

He also said he would prefer to make a more organized statement when he has complete information on the subject.

Sabas Pretelt de la Vega, the president of the National Federation of Businessmen (FENALCO), expressed his satisfaction with agreement reached by the G-3 nations, and he emphasized the effort made by the government to achieve this goal.

"Light industry will have the best chance of becoming a highly competitive sector with the light industry in Mexico and Venezuela," he said. This association leader indicated that he supports the decision to establish a more gradual process for the automotive sector.

Andres de la Espriella, the president of the Colombian Manufacturing Association (ASCONFECCION), said that the signing of the agreement was a surprise to no one. However, he warned that it is necessary to examine very carefully the points agreed upon, as well as the vital differences existing among the industries in the three countries.

"There must be a study of what rules were adopted regarding product origin, and also the schedule for the lowering of customs' duties, before any statement can be made," this association leader added.

Last night, representatives of the private sector met with the minister of foreign trade to learn the details of the agreement reached in Trinidad and Tobago.

Minister of Foreign Trade Juan Manuel Santos will meet with the association leaders today to explain the agreement to them. In the course of the discussion, he will emphasize the fact that in the end, all of the proposals for very or somewhat slow reductions in duties were set aside, and the more gradual process proposed was adopted.

### * Business Concerns

*94SM0083C Santa Fe de Bogota EL TIEMPO in Spanish 19 Oct 93 p 2B*

[Commentary by Antonio Urdinola: "The Group of Three"]

[Text] Last week, the country was greatly surprised to learn that the presidents of Colombia, Mexico, and Venezuela had decided to establish a common market incorporating the three countries, which will function as of 1 January of next year. And I say common market, because according to the reports, the agreements include considerably more than the total elimination of customs duties over a period of 10 years, in a linear and general fashion, with the automotive sector as the sole exception. An effort will be made also to standardize the regulations governing investments and intellectual ownership, so that it will be necessary for the respective congresses to approve the new treaty.

The news had the effect of a bucket of cold water on the associations that had been participating in joint negotiations with the government to ensure that the agreements with Mexico would be based on an understanding of the greater relative economic development of that country, and the fact that not all of the national sectors were equally capable of competing against Mexico. It is a well-known fact that in both the agricultural sector and the petrochemical industry, the Mexicans receive substantial state subsidies providing them with advantages their Colombian counterparts do not enjoy.

Even more serious, as the ANDI [National Association of Industrialists] and the SAC [Association of Colombian Farmers] have quite rightly noted, is the rejection of the basic principle of asymmetry that has traditionally guided negotiations in Latin America. According to this principle, the countries with more limited relative development should be given advantages and privileges, like those we have granted to Ecuador and Bolivia, when it comes to agreement on plans for lowering customs' duties and sectorial programs. In a gesture revealing unjustified and naive arrogance, Colombia and Venezuela have chosen to engage in hand-to-hand combat, starting with foreign customs duties that are already very low, with a much larger and more efficient economy—that of Mexico. Only a part of the country's light industry would have some likelihood of surviving in the medium time range. The heavier industries or those with more intensive technology would be swept away, along with a large part of the agricultural sector.

Another basic error lay in failing to wait to find out whether or not the United States Congress will ratify the treaty on free trade with Mexico and Canada. The conditions with regard to such aspects as the norms governing product origin, protective clauses, etc., for negotiating with Mexico are entirely different in the two cases.

Finally, the way in which the private sector was excluded, with everything agreed upon previously being discarded, demonstrates once again the government's obsession with creating situations regardless of how risky they may be, and the devil take the hindmost. Fortunately, the G-3 treaty requires parliamentary approval, and in that process all of its advantages and disadvantages can be studied in depth.

### * FARC Control of Two Municipalities Described

*94SM0086A Santa Fe de Bogota EL TIEMPO in Spanish 18 Oct 93 p 9A*

[Article by Clara Elvira Ospina: "In Tena, the FARC [Revolutionary Armed Forces of Colombia] Act Like the New Government"]

[Text] Miguel is barely nine years old and in the third grade. He still cannot read a whole book of stories and is not exactly certain what a mammal is, but he can speak and repeat: "The government is on the wrong track (...); the constitution needs to be reformed."

He did not learn this from his teacher. Rather, it was taught to him by Rogelio, a guerrilla soldier from the FARC's Front 22, a man who, paradoxically enough, many consider a friend of the people.

Nor is it just Miguel who has received such instruction. His 70 schoolmates at the Santa Barbara school, the children at the other schools in town, their parents, several teachers, and even the priests at the largest parishes all have..

It is a daily ritual that takes place scarcely two hours from Bogota in Tenquendama Province in southwestern Cundinamarca.

Rogelio and two or three of his comrades from Front 22 have set themselves up in the municipalities of Tena and San Antonio del Tequendama as a kind of electric chair for thieves, family judges for fighting couples, a police force, children's entertainers, and collectors doing nothing more, they say, than demonstrating the benefits of the FARC "ideology."

The guerrillas arrived one day in early January of this year and never left. They face no threat in either Tena or San Antonio.

When the Army arrived three months ago, the guerrillas filed right through the troops stationed on both sides of the road in Puerto Araujo.

None of the soldiers suspected anything even though, despite the fact that Rogelio and the others looked like ordinary peasants, everyone knew they all had revolvers in their agave fiber bags.

Furthermore, there are five police officers in every town, but they never go after the rebels. EL TIEMPO spoke with several and was told by one: "Two or three might pop up, at any time, just passing through, and they almost never talk with us."

Another said: "They take to the streets and talk politics and about how to fix the country."

In Tena and San Antonio, perhaps because of the vulnerability of the police stations (the former has no radio and officers at the latter post have nothing but old rifles), officers have been instructed not to go beyond the urban boundaries without orders from above.

The situation has reached such an extreme that the naivete of one police commanding officer nearly allowed the Front 22 guerrillas to reach an agreement with police to divide up the Tena territory and maintain law and order!

The foiled alliance began with a robbery. Four months ago, several robbers hit a condominium on Lagunetas.

According to the account given by the manager of one of the properties, the robbers gathered all the people living nearby together and forced them to turn over their household appliances, jewelry, and money.

After seven hours of searching and looting, they left in three vehicles and were later identified as members of the Guerrilla Coordinating Committee.

A week later, the Police sent five Carabineros from the Mosquera Station in whose jurisdiction the police stations in Tena and San Antonio del Tequendama are located. The Carabineros were to guard the area around the condominium.

A few days later, a guerrilla contacted the police officer in charge of the group and told him that the FARC were not responsible for the holdup, that it was the work of a ring of common criminals operating in the region.

The guerrilla soldier did more than supply an explanation, however. He proposed to the commanding officer of the Carabineros that they divide up the area so that, by working together, they could prevent such incidents from happening again!

The guerrilla said the final details of the agreement could be settled directly with one of the commanding officers of the FARC Front 22. Moreover, in order to facilitate communication, the terrorist gave the officer a radio!

Stunned, the latter could do no more than call from Telecom in Tena to his commanding officer in Mosquera, who forbade him to speak with the guerrilla soldier. Not only was it a crime, but could cause him serious problems. Consequently, the commanding officer decided to return the radio to the FARC soldier.

**New Judges?**

Nor is that all that has happened in San Antonio and Tena. Many residents in both towns think the guerrillas' intentions of maintaining peace and security are real and praiseworthy.

Several peasants recall that since January when they first appeared in the area, the guerrillas promised they would eliminate criminals and undesirable persons from the area.

In their own way, taking advantage of the lack of any effective government presence and its inability to send alleged criminals in the region to jail, the rebels have let it be known that that is precisely what they are doing.

One Sunday afternoon, an individual named Montenegro whom everyone had accused of rustling and even of stealing from his own grandfather was taken by surprise by the guerrillas when he was drinking beer in a store in the district near La Pala, a road in Tena. His body was found several hours later. He had been shot four times in the face. He is also accused of two other crimes.

This "private" justice goes along with other acts that are not as bloody, but that nevertheless reveal the guerrillas' intention of imposing their own government.

A week ago, just as the parish of San Antonio del Tequendama was coming to the end of the mass at the church on Zaragoza, Rogelio arrived and addressed those present:

"Excuse me, Father," Rogelio began. "I am a guerrilla soldier from Front 22 and I know you have to look out for the salvation of souls, but I have to carry out my duty to defend marriages and condemn men who beat their wives."

To the astonishment of the parish, Rogelio ordered a couple that had separated only days before because of the man's mistreatment of his wife to live together again.

He threatened the man, forcing him to pledge he would not beat his wife anymore. The woman returned home. Case closed.

The FARC guerrilla had done the same thing six months previously at the close of another mass at Santa Barbara de Tena.

On that occasion, he warned that he expected the cooperation of the owners of properties in the area.

"That day, Don Abelardo rose and told them that he had no duty to the guerrillas and that he would not give them anything," one witness said. "Furthermore, he said that no one in the town had any money."

**Indulgence**

The guerrillas then told everyone present that they, the Front members, were the ones who blew up the toll bridge and the Mondonedo CAI [Immediate Attention Center] on the highway connecting Mosquera and Tena on 28 October of last year. They said their purpose was to help the town and protest abuses by authorities.

What is most troublesome, residents of the region say, is that the people are beginning to believe in the guerrillas' actions.

This was confirmed by a man living in Morro Pelao in Tena: "They do help the people. They do nothing wrong. They have only come to help us."

The guerrillas have built up such trust among the people, some say, that when they have a bill or check that someone has refused to make right, they give it to the guerrillas, certain at least that the person who owes the money will pay up. The money goes straight into the guerrillas' coffers.

So great is the influence that the guerrillas have come to wield that they succeeded in having the order rescinded to reopen the Puerto Araujo CAI where the highway entering Tena splits from the one leading directly to La Mesa.

"When rumors began to spread that the CAI would be reopened," a local woman reported, "they began to tell everyone it would be a waste of time because it would take longer to set it up again than for them to blow it up again!"

Finally, the decision to set up the CAI was forgotten and the building where the police station operated until 1989 remains empty. The site is virtually a trophy where the guerrillas post their leaflets.

Two months ago, local residents were surprised in the morning to find posters offering a reward of 35 million pesos for the "capture" of certain civilian and military officials. Those officials (see insert) included President Cesar Gaviria, the minister of defense, and the commanding officer of the military forces.

**[Box, p 9A]**

**Area in Figures**

Tena: Located 44 km from Bogota and occupying an area of 50 sq km, it has 6,500 inhabitants. It has 11 streets, an elementary school in town with 181 pupils and seven teachers and nine elementary schools in the surrounding rural area with 659 pupils and 23 teachers.

San Antonio del Tequendama: Located 56 km from Bogota, it has 21 streets, an area of 60 sq km and 9,800 inhabitants. There are 217 pupils enrolled in the single school in town and 1,286 pupils in 19 schools in the rural area. The former has 10 teachers and the latter 51.

**[Box, p 9A]**

**For the Schools**

No one would dare to deny that the presence of Rogelio and other guerrillas in the streets of the municipalities of Tena and San Antonio is constant.

EL TIEMPO reporters in the region this week met up with him without knowing who he was.

At 1130 on Tuesday morning, as EL TIEMPO was headed for the Santa Barbara school, the driver of the vehicle asked three persons the right way to get to the school.

A dark-skinned young man with a backpack and a black hat pointed the way.

Children at the school said that Rogelio had been there and had told the girls not to go home alone "because there are bad people on the roads who can hurt you."

Finally, the children said that Rogelio had been there only a few minutes before, that he was headed for the branch line wearing a black hat and carrying a backpack. It was the same man who had told the reporters how to get to the school!

*** Outcome of Conservative Convention Uncertain**

*94P20083 Santa Fe de Bogota SEMANA in Spanish 9 Nov 93 pp 54-55*

[Text] The document was made public on Wednesday of last week and it immediately shook the delicate foundations of conservative unity. In a declaration scarcely three paragraphs in length precandidates Roberto Gerlein, Juan Diego Jaramillo, Rodrigo Llorente, Rodrigo Marin, and Gabriel Melo questioned the procedures chosen by the organizers of the 27 November convention, especially the one stating that those aspiring to the presidential nomination will address convention attendees by means of a prerecorded video presentation. In the view of the five rebels, such a "prerecorded presentation" would prevent "leaders, delegates, and candidates from addressing the presenter, and discussing the ideas and proposals." They added that "the convention, as it is designed, will be a gathering with neither people nor leaders who are flesh and blood."

What appears to bother the signatories of the declaration is that the system of having prerecorded presentations with no possiblity of discussion clearly favors Andres Pastrana who could express his ideas to convention attendees via a medium of which he has better mastery thanks to the experience he acquired while a news broadcaster in front of television cameras.

But this is merely the official reason. Deep down, what the signatories of the declaration really want—with the possible exception of Rodrigo Marin who has announced his decision to at least enter the first round of the presidential election—is for there to be a popular primary in which

they can compete with Pastrana, Jr. The curious thing is that, judging from the polls, the former mayor of Bogota would win such a primary by an ample margin. In fact, in all polls Pastrana receives about 60 percent of the vote among Conservatives, while none of the remaining Conservative contenders gets even 5 percent. Why, then, does the leader of the New Democratic Force not agree to a primary? The answer has been given several times. Because this would make him a Conservative candidate, and only that, a Conservative, and Pastrana and his advisers are convinced that this would make it impossible to win the presidency. "The only Conservative candidate to win the presidency following the National Front was Belisario, and he won in large part because he was a national candidate and not a Conservative," a close adviser to the former mayor of Bogota told SEMANA.

In view of that, everything indicates that the other five precandidates' threats to distance themselves from the convention will be carried out, and that the convention, the first in the history of that party and which will bring together eight thousand delegates in forums held simultaneously at 33 locations in the country, will not define the system for selecting the candidate—as was initally believed—but rather will limit itself to endorsing the agreement for unity and electing a unified directorate to replace the two which have been operating parallel to one another since last year.

But the endorsement of that unity might, in reality, mean just the opposite since, the way things are going, the nonattendance of the five precandidates who are signatories of last week's declaration may cause them to continue with their candidacies without regard to what is decided at the convention.

Such a situation, which apparently would not please Andres Pastrana since it would prevent him from garnering the support of all Conservative sectors, could benefit him in one sense. Since he wants above all to avoid having them pigeonhole him as a Conservative candidate, the failure to address the issue of the precandidates at the 27 November convention would clearly favor him. In this way Pastrana will be able to continue his strategy of delaying the formal onset of his campaign and to present himself to the country not as a Conservative candidate but as a candidate who transcends parties.

The five rebels' letter has also coincided with another fact that could confirm this division and the presentation of at least two Conservative candidates at the first round of elections on 8 May: Andres Pastrana and Alvaro Gomez. The candidacy of the latter is, for now, mere speculation. But the fact that Gomez has said he would announce a political bombshell following the parliamentary elections has been interpreted as an indication that he is thinking about running as a presidential candidate in the first round. Many conservatives believe it is not a coincidence that four of the five signatories of the anti-Andres declaration have their origins in the Alvarist faction. In support of that theory, they argue that Gomez's aspiration is confirmed by the fact that friends of his have arranged several meetings with some candidates. One such meeting was held at the Hotel Orquidea Real in Bogota and was attended by Gomez as well as presidential aspirants Juan Diego Jaramillo and Roberto Gerlein.

The consequences of a possible Gomez candidacy are still difficult to gauge. In 1990 when he established the National Salvation Movement and distanced himself from his party's official candidate—Rodrigo Lloreda—Gomez came in second behind the winner, Cesar Gaviria, and gained a solid negotiating position vis-a-vis the new government in which he ended up participating. But this time, his competitor in the Conservative Party, Andres Pastrana, is well ahead in the polls, and, because there is a runoff, Gomez's ability to cause disruption is much less than it was in 1990. Judging by the opinion polls, it appears indisputable that, even if Gomez enters the first round, Pastrana will be the finalist who will face in the second round the almost surefire Liberal Party candidate, Ernesto Samper. So what is Gomez's strategy? It is hard to say, but what seems clear is that his group will not greet the candidacy of Misael Pastrana's son, their historical enemy, with their folded arms.

*** Business Leaders on Need for Fiscal Austerity**

*94SM0072A Santa Fe de Bogota EL TIEMPO in Spanish 14 Oct 93 p 3C*

[Text] The economic picture could become even gloomier in 1994 if the government does not pursue a policy of austerity to control spending and prevent a greater increase in the cost of living.

This was indicated by business leaders and economic analysts, who issued a warning about the problems the country will face if it has a major shortfall of funds to meet public spending needs.

In addition, there are the repercussions of the Social Security bill, currently being considered by Congress, which could lead to significant increases in businesses' labor costs beginning next year.

The president of the Association of Banks and Financial Institutions (Asobancaria), Cesar Gonzalez Munoz, stated that the Colombian economy is "overheated," and he did not rule out a resurgence of inflation.

Speaking at the Eighth Economic Forum of the National and South American Financial Corporation (Corfinsura), Gonzalez Munoz said that public spending is high, and the dynamics of investment and aggregate demand mean that the prospects for lowering the cost of living are not very good.

The government and the board of directors of the Bank of the Republic are committed to a target of 19-percent inflation for next year and a deficit of no more than 800 billion pesos, equivalent to 1.5 percent of the GDP [gross domestic product].

Gonzalez Munoz declared that economic growth is mediocre, and mere "Pyrrhic victories" have been attained in this area. He also pointed out that the main problem

confronting the country will be a growing budget deficit. "The government cannot tell us that it will bring us another tax reform, because that would be unacceptable."

**Greater Austerity**

The former minister of mines and energy and current president of Fedeleasing, Juan Camilo Restrepo Salazar, stated that there should be close cooperation between the executive branch and the central bank to manage the oil bonanza properly and to ensure the credibility of macroeconomic policies.

That will be the determining factor in a very austere fiscal policy aimed at preventing a severe revaluation of the peso.

In Restrepo Salazar's view, the conditions are not right for belt-tightening, for the following reasons:

First of all, there are the large transfers to the regions of Colombia. It is estimated that by the end of the decade, nearly 50 percent of the nation's current revenues will be allocated to the departments and municipalities.

Another factor is the fiscal cost involved in laws creating pension funds and restructuring health services.

In addition, there is the mistaken orientation being given to the bill establishing the National Royalty Fund, and the delay in the implementation of clear rules of play for the private sector so that it can contribute to the improvement of the infrastructure.

He recalled that of the $50 billion in infrastructure investments slated for the next few years, nearly $12.5 billion will have to be financed by the private sector.

**Industry Stagnating**

The director of the Education and Development Foundation (Fedesarrollo), Eduardo Lora, reiterated that 1994 will not be a good year for industry. On the contrary, he said, the stagnation will continue, with a fall of 0.3 percent.

Some sectors, however, will continue to show positive dynamics. Construction, for example, will grow at an estimated rate of 13 percent, propelled by the building projects required for the Cusiana petroleum program.

The machinery, transportation equipment and materials, and automotive industries will also show good results.

Fedesarrollo projects economic growth at 3.2 percent for next year, less than the 5 percent predicted by the government.

## Ecuador

### Roundup of Economic Developments 9-16 Nov

*PA1611233293*

[Editorial Report] The following is a compilation of reports on Ecuadoran economic developments monitored from 9 November through 16 November. Source follows in parentheses after each item.

The Central Bank reported on 15 November that during the first nine months of 1993 Ecuadoran oil exports totaled 65.9 million barrels, 5.1 million barrels more than during the same period in 1992. It was also reported that from January to August crude oil exports produced $810.7 million and oil by-products $66.9 million. Oil is Ecuador's main export product and represents 50 percent of the state's revenues. (Madrid EFE in Spanish 2039 GMT 15 Nov 93)

Finance Minister Cesar Robalino has announced the issuance of government bonds totaling $75 million to finance various projects such as road construction, irrigation, housing projects, and health programs. (Quito Voz de los Andes in Spanish 2300 GMT 9 Nov 93)

The Ecuadoran Institute of Electrification has announced that it will invest more than 1.1 million sucres to purchase equipment and spare parts for the maintenance of hydroelectric plants. (Quito Voz de los Andes in Spanish 2300 GMT 9 Nov 93)

## Paraguay

### Brazilian Minister Denies Ruling Out Stroessner Extradition

*PY1611194393 Asuncion ULTIMA HORA in Spanish 16 Nov 93 p 65*

[Excerpt] In the course of a telephone conversation with Radio Primero de Marzo this morning, Brazilian Justice Minister Mauricio Correa denied having stated that he would not hand [former Paraguayan President] Alfredo Stroessner Matiauda over to Paraguayan courts.

Dispatches from Brasilia indicated that Correa had stated Brazil would refuse to extradite Stroessner on the grounds that he had been granted political asylum. The extradition request was signed by Criminal Judge Cristobal Caceres Frutos.

Correa stated: "I have made no statement whatsoever. Moreover, no request concerning Stroessner has been submitted to me. Our Constitution and legislation currently in force clearly indicate that the Federal Supreme Court is vested with the power of resolving all extradition requests."

According to the Brazilian justice minister, the fact that Stroessner enjoys political asylum has nothing to do with requests that may be filed when the claim involves political crimes.

"There is no doubt whatsoever that if the person faces common crime charges, and the documents meet the necessary requirements, the Federal Supreme Court will study the case," he added. Finally, he asserted that there is no deadline for settling the case. [passage omitted]

### Vice Foreign Minister Replaced; Changes in Ministry Planned

*PY1611144093 Asuncion ABC COLOR in Spanish 16 Nov 93 p 13*

[Text] According to Decree No. 1064 of 15 November, the government decided to relieve Vice Foreign Minister Alfredo Canete for service reasons. Canete was replaced by Oscar Cabello Sarubbi, who was the Foreign Ministry's vice minister for general affairs.

Canete became vice minister for foreign affairs on 13 September, replacing Marcos Martinez Mendieta. Prior to becoming vice minister, Canete had been ambassador to Belgium, The Netherlands, and Luxembourg, and to the EC.

No one will replace Cabello Sarubbi because the post of vice minister for general affairs will disappear in 1994 with the Foreign Ministry's planned reorganization.

### Chief of Staff Evaluates Americas Armed Forces Conference

*PY1611134193 Asuncion ABC COLOR in Spanish 16 Nov 93 p 2*

[Text] The chief of the Joint Staff, General Pedro Concepcion Ocampos, termed as very positive the 20th Conference of Latin American Army Commanders and Chiefs of Staff of the Armed Forces held last week in Brasilia. He indicated that the military chiefs concluded that they must continue to actively support and participate in the strengthening of the democratic processes and the preservation of the continent's peace.

"It was a very important meeting for the coexistence between countries through their armed forces," he said.

He stated that the high-ranking military chiefs had agreed on the need to increase integration and mutual assistance between the armies of the American states: "It was agreed to continue cooperating in the strengthening of democracy in our countries with significant harmony, assistance, and reciprocity."

Ocampos indicated that the conference of high-ranking military chiefs held in the Brazilian capital also decided to help with the underdeveloped countries' problems by fighting poverty and assisting with the economic problems being experienced by American countries.

Asked how the continent's armies could help with the problem of poverty and with the consolidation of democratic processes, he answered: "By carrying out their specific mission in providing security for our sovereignty and citizens, because without security there cannot be development."

Asked whether he thought the military's participation in establishing the country's internal security was necessary, because this mission does not pertain to the military according to the Constitution, he said: "You are not going to remain immobile if they attack and beat up a citizen when you can help save his life. I believe that the basis of military support for the National Police is provided for."

Ocampos also explained that the military chiefs did not evaluate the possible causes of military conflicts that could arise in the region. "Only the possibilities of integration of the armies and the defense of the continent in the event of any type of aggression were evaluated," he said.

## Peru

### State of Emergency Extended in Several Provinces

*PA1611192893 Mexico City NOTIMEX in Spanish 1744 GMT 16 Nov 93*

[Text] Lima, 16 Nov (NOTIMEX)—Today the Peruvian Government extended the state of emergency for 60 days in several provinces of three Amazon departments and intensified the antisubversive struggle in the country's northeastern region. Through a supreme decree signed by President Alberto Fujimori, the government approved a request by the Armed Forces to extend the state of emergency, which affects more than half of the national territory, including Lima.

The Armed Forces have been empowered to maintain control and public order in Coronel Portillo and Padre Abad Provinces in Ucayali Department, on the Brazilian border, and in Puerto Inca Province in the central Andean region of Huanuco. The state of emergency was also extended in Ucayali Province in the Amazon area of Loreto, on the border with Ecuador, Brazil, and Colombia.

Meanwhile, 200 commandos of the Peruvian Army, considered special forces, were sent from Lima to the jungle area of Tingo Maria, Huanuco Department, in the last few hours to reinforce the antisubversion struggle against the Maoist Shining Path. The soldiers are equipped with mortars, grenades, rocket launchers, automatic rifles, and sophisticated communications equipment for jungle warfare.

The political-military command of the Huallaga Front in San Martin, near Huanuco, said that in the next few days, the Armed Forces will begin operations in the two departments where the presence of guerrillas has been observed.

Four Chilean citizens arrested in October by the Peruvian counterterrorism police were transferred from police cells to the Air Force base in Las Palmas, south of Lima. Jaime Castillo Petruzzi, accused of being "third in command" in the Tupac Amaru Revolutionary Movement (MRTA), Lautaro Saavedra Mellano, Maria Sanchez Pincheria, and Alejandro Astorga Valdez will be charged under the Peruvian antisubversion laws which establish life sentences for terrorist crimes. The National Counterterrorism Directorate (Dincote) said the four Chileans were members of the MRTA leadership and were captured one month ago during an operation to rescue a kidnapped Peruvian businessman.

**Council of Ministers President Interviewed**

*PY1711143093 Santiago EL MERCURIO in Spanish 7 Nov 93 p D17*

[Interview with Alfonso Bustamante y Bustamante, Peruvian Council of Ministers president and industry, commerce, tourism, and integration minister, by EL MERCURIO reporter Magdalena Ossandon at the Hyatt Hotel in Santiago; date not given]

[Text] [Ossandon] In your capacity as Council of Ministers president, did you heave a sigh of relief after the popular, albeit narrow, 52.9 percent support obtained in the referendum that endorsed amendments to the 1979 Constitution?

[Bustamante] The referendum results obviously confirm the action undertaken by the government concerning reforms, especially economic ones, which have been included in the Constitution. Practically nobody questions these reforms.

[Ossandon] Did you expect greater support for the new Constitution considering that 47.1 percent of the people opposed it, and it was even defeated in the interior?

[Bustamante] Yes, I did expect greater support. But the results of 53 and 47 percent show that it was a totally democratic process. Generally, when an issue is referred to popular vote under a dictatorship, there is a higher percentage of people that support it. This proves that it was a democratic process in which there was absolute freedom of the press and the opposition was able to campaign against it.

[Ossandon] Does that spell the end of triumphalism?

[Bustamante] I would not call it triumphalism but rather the government's success. Nobody denies that the current government has had great success in the country's pacification (Peru is a more peaceful country now than in 1990) and there has been major progress in the economic area. I believe the Fujimori administration's success is a bitter pill for the opposition to swallow and it will never be able to overcome it.

[Ossandon] After the referendum President Fujimori showed he was favorably disposed toward dialogue. Do you believe this marks the beginning of a more open stage within the government in which the opposition will have a say?

[Bustamante] Both parties will have to sit at the negotiating table to discuss certain aspects that will benefit Peru in its entirety rather than their particular political interests.

[Ossandon] Don't you think the decision to dissolve Congress, which now will be unicameral, is overly authoritarian?

[Bustamante] When a person wants to serve his country and has to discharge a duty that has been entrusted to him and cannot do it because his hands are tied due to mechanisms that are in force, what can he do? Either become an accomplice to this process or else take a course of action similar to the one adopted by President Fujimori. The fact that Congress will be unicameral has not given rise to much discussion.

[Ossandon] Do the referendum results render President Fujimori's power legitimate after the self-inflicted coup staged on 5 April 1992?

[Bustamante] Yes, but the referendum was held to settle the issue of the new Constitution. According to reliable public opinion polls, Fujimori's popularity is growing—68 percent. In other words, the result obtained for the new Constitution's approval is not so overwhelming as the president's popularity.

[Ossandon] Was the self-inflicted coup necessary?

[Bustamante] With the benefit of hindsight, and seeing that deadlines have been met, I would say as a Peruvian that there was no other way out. The country was out of control at that time. The role of a government is to govern its country. Now this is impossible to accomplish when each one resorts to different mechanisms under the pretext of being able to govern.

[Ossandon] Would you venture to say that at present there is a democratic government in Peru?

[Bustamante] I think so. We have held three elections in less than a year—the election of the Democratic Constituent Congress in November 1992, the election of more than 1,500 mayors and provincial authorities in January 1993, and the recent referendum. One cannot even consider that we are not living in a true democracy.

[Ossandon] Does President Fujimori aspire to remain in power for a new term of office now that the re-election of the president is possible?

[Bustamante] You should ask the president himself. What really concerns President Fujimori now is to govern the country, trying to deepen reforms and managing to make his administration successful. Right at this moment, the head of state has stated that he is not thinking of his re-election.

[Ossandon] Was the referendum aboveboard? Some opposition members alleged that there was harassment and the destruction of "No" ballots by military personnel prior to the referendum.

[Bustamante] The process was totally aboveboard and clean. There were more than 150 international observers, including OAS ones, who filed no complaints.

[Ossandon] During the referendum campaign, some leftist groups criticized the purchase of votes through so-called "Fujimori presents" —trucks to communities, computers, alpacas—that were used by prefects, deputy prefects, and governors to bribe voters.

[Bustamante] I think this is part of the technique and harsh words used by some sectors of the opposition. President Fujimori has not launched a program to provide aid to the poorest areas for electoral purposes, but rather he has been

doing so since he assumed office. He no sooner receives donations from abroad than he sends them to the areas that need them most. The head of state usually makes trips to the interior three times a week to take some donations according to what is needed.

[Ossandon] Are the referendum results a defeat for the Shining Path?

[Bustamante] Absolutely. I believe that there lies the success of this process.

[Ossandon] Fujimori has stated that in light of the support he obtained he was going to step up the fight against subversive movements. Do you have faith that he will manage to pacify Peru?

[Bustamante] The pacification process is quite successfully under way and President Fujimori pledged to rout the Shining Path in 1995. More than 95 percent of the Shining Path's top leaders currently are in custody, and nearly all Tupac Amaru Revolutionary Movement members are in jail or about to be arrested. Moreover, the third terrorist movement that was active at the beginning of Fujimori's administration has disappeared. It is obvious that it will be possible to rout the Shining Path by 1995.

[Ossandon] Is the death penalty necessary to punish those responsible for terrorist actions?

[Bustamante] After being harried for 12 years by terrorists who acted with impunity, leaving in their trail more than 25,000 fatal victims, the Peruvian people wanted more severe sanctions. Capital punishment will be applied pursuant to the Constitution, which acknowledges the international commitments signed by Peru, like the Geneva and Costa Rica Conventions.

[Ossandon] Why is it that Fujimori has managed to checkmate terrorists whereas no other president managed to deal so many mortal thrusts in them in several decades?

[Bustamante] Because he made a political decision in a timely way. No other president had the political will to put an end to terrorism. Besides, because he himself spearheaded the offensive against terrorism, leading the Armed Forces and police troops by means of an "intelligentsia's" program that proved to be very effective.

[Ossandon] Many Peruvians who to a certain extent were "fleeing" their country due to job insecurity, lack of expectations, or because their safety was at risk due to terrorist actions came to Chile. Would you venture to say that the storm has been weathered?

[Bustamante] Yes. We have embarked on putting the country on its feet again so Peru can become a country of the future and opportunities.

[Ossandon] The process of adjustment and recovery has been done speedily in Peru. What economic indicators concerning the growth rate and inflation do you estimate for the end of the year?

[Bustamante] The adjustment process was not only speedy but very exacting. The Peruvian people have managed to measure up to it. We already have achieved success in 1993. Inflation has been gradually curbed—in October it ran at 1.5 percent, the lowest rate in 16 years. It is estimated that the inflation rate will stand at 38 or 39 percent this year and the country's growth rate (its gross domestic product) will be 7.5 percent.

[Ossandon] In the social area, how are the benefits of the country's economic development trickling down?

[Bustamante] From 1990 to 1993, the government's program has been targeted at pacification and economic stabilization. As of 1993, and following the country's reinsertion in the financial and economic world, we will devote all our efforts to the social area.

[Ossandon] What measures do you foresee taking so economic growth also will include the social welfare of the poorest sectors?

[Bustamante] There are more than 5 million people who live in abject poverty in Peru. They must be given social support, and the financial resources for this endeavor should come from domestic savings—which is a top priority in the Republic's budget—as well as from foreign aid.

[Ossandon] Are you planning to increase taxes?

[Bustamante] No. Our objective is to achieve a broader tax base, a rationalization of taxes, and better conditions in fiscal administration so as to prevent tax evasion.

[Ossandon] How far is the government going to go in its privatization program? Does the state intend to be left with no government-owned enterprises?

[Bustamante] Yes, it does. In keeping with the development model it has opted for, Peru does not have any strategic activity and, pursuant to the new Constitution, the state may only be allowed to intervene in the economy by express mandate and whenever the private sector is unable to do so. Technical studies must prove that the state's intervention is absolutely necessary. The privatization process in our economy is all-inclusive.

[Ossandon] There are those who have criticized the privatization program because state-owned enterprises have been sold off cheap ...

[Bustamante] That is true. I believe it was made within the framework of a process in which Peru was worth nothing. Now that the pacification process is being consolidated and the economic model's advantages are perceived, there is an upward trend in companies' value, and that is precisely what we are beginning to see. The privatization program not only seeks that the state receive financial resources but also that it does not incur great losses, since it has been proven in Peru that the state is a very inefficient administrator.

[Ossandon] Aren't you concerned by the fact that some public corporations have been bought by foreign companies? To cite an example, 8 percent of the assets that have been privatized are in the hands of Chilean companies.

[Bustamante] Neither the government nor myself is concerned about the fact that buyers may be foreigners or Chilean. The law and the economic model make no distinction between nationalities, on the contrary, they promote and encourage foreign investment because that is the only way of achieving the country's development. The economic reforms approved in the Constitution put in black and white some aspects that make the Peruvian economic model very attractive for foreign investment, and domestic ones of course.

[Ossandon] There are those who label Fujimori's economic policy the most liberal in the world. Would you put it down to his Japanese ancestry?

[Bustamante] No. I would say it is the realization that Peru must compete in the world. The reason that accounts for our economy being the most open, not to say the most liberal in the world, is two-fold: The state does not claim ownership of any strategic activity, and we do not have any restrictions whatsoever on the use of foreign currency.

[Ossandon] Do you believe Peru will become the new Latin American tiger in the short run?

[Bustamante] I am convinced that the advantages Peru has, given its geographical situation, natural resources, installed capacity, and above all its people, will make it possible to take off. There is nothing to stop Peru ... Now it is Peru's turn.

**Constituent Congress Denies Amnesty for 1992 Coupists**

*PA1611134993 Lima Global de Television Network in Spanish 0100 GMT 13 Nov 93*

[From the "Global TV News" newscast]

[Text] Dr. Cesar Fernandez Arce, who chairs the Democratic Constituent Congress [CCD] Justice Committee, has pointed out the spirit of the modified antiterrorist law that reestablishes civil guarantees. Dr. Fernandez Arce noted that now guilty sentences can be reviewed without the culprit having to present new evidence; persons accused of terrorism will not be tried in absentia; and they can be freed on bail during the preparation of the case.

General Jaime Salinas Sedo and other military members who participated in the 13 November 1992 coup attempt and were charged with insurgency and of trying to assassinate President Alberto Fujimori will remain in Callao prison. A CCD majority has rejected an amnesty appeal presented by the opposition.

One year after the 13 November 1992 coup attempt, seven Army officers, headed by Gen. Jaime Salinas Sedo, are serving prison sentences. The wives of these seven asked President Fujimori to release the officers. Mrs. Isabel Salinas was tasked with reading the declaration. She said that the petition to the president was their own initiative because their husbands acted in response to the 5 April disruption of the Constitution.

Upon finding out that the motion presented by the opposition to grant amnesty to the officers had been rejected, the wives said they would insist on obtaining their husbands' release.

[Begin Salinas recording] We are going to wait. We thank the members of Congress who voted in our favor. [end recording]

Gen. Jose Pastor was with the wives. He said that no outside human right organization is necessary to resolve this problem.

[Begin Pastor recording] This is a problem that we Peruvians can resolve. There is no need to travel abroad to seek support. With goodwill and understanding the situation can be resolved quickly. [end recording]

The wives did not give up after the adverse result in Congress. They called on President Fujimori himself. They will continue making efforts until their homes are complete.

**Poll Indicates Fujimori Continues To Enjoy Support**

*PA1711025893 Lima Panamericana Television Network in Spanish 0200 GMT 15 Nov 93*

[From the "Panorama" talk show]

[Text] The latest Apoyo poll contradicts those who say that the referendum results have harmed President Alberto Fujimori's image. The results of the latest poll show that the president's popularity rating continues to be high more than three years after he came to power. The percentages are as follows: 67 percent of the population approves of the president's performance, 20 percent disapprove, while only 13 percent decided not to answer. Regarding Fujimori's countersubversion policy, 76 percent of all Peruvians approve of it, and 15 percent disapprove.

One interesting part of the poll looks at how the terrorism issue was handled during the latest election campaign. The numbers are very revealing. When asked: Do you approve of the disclosure of Abimael Guzman's first letter by President Fujimori? 42 percent of the population expressed their approval, and an equal 42 percent said they did not. Regarding the disclosure of the second letter by the Shining Path leader, 55 percent say they disapprove and 29 percent say they approve. There was overwhelming rejection of the terrorists' attire. Asked the question: Do you approve or disapprove of presenting guerrillas without the striped uniforms? 51 percent of the population said they disapproved, and only 25 percent said they agreed with the measure. The disapproval is uncontested when asked about the cake and handicraft items given to Elena Iparraguirre on her birthday. A broad 66 percent are opposed, with only 15 percent applauding the presentation. Here, the results of the referendum would seem to find a coherent explanation.

**Roundup of Economic Developments**

*PA1711021193*

[Editorial Report] The following is a compilation of reports on Peruvian economic developments monitored through 16 November. Source is cited in parentheses following each item.

On 10 November, businessmen from Canada, France, and England, who form the Investment Fund Managers, toured mine deposits in the Arequipa and said they were ready to make unlimited investments. President Alberto Fujimori on 9 November received the business group, which manages investments for over $30 billion, and urged them to invest in Peru. Some 20 representatives of the Canadian Stock Market also arrived in Peru to support Canadian miners in channeling their capital toward Peru. A spokesman for the group noted that recent legislative changes in Peru facilitate foreign investment. (Paris AFP in Spanish 1623 GMT 16 Nov 93)

International net reserves presently amount to $2.5600 billion, according to a report by the Central Reserve Bank. The report indicated that in October, reserves grew by $42 million, while deposits in foreign banks increased by $28 million. (Lima Global de Television Network in Spanish 0100 GMT 12 Nov 93)

Jorge Peschiera, official negotiator of the Peruvian foreign debt, on 12 November announced Peru will exchange foreign debt documents to privatize public companies and will honor debts for $72 million with Chemical Bank and American Express Bank in the United States. He said both measures will be approved by the Democratic Constituent Congress to facilitate Peru's negotiations in New York with a committee of 230 crediting banks starting 23 November. Peschiera explained that congressmen told him they will authorize the aforesaid transactions, which had blocked an accord with foreign banks. He concluded that $10.2510 billion in foreign debt documents will be used in the privatization. (Paris AFP in Spanish 1809 GMT 12 Nov 93)

Inflation in the first 15 days of the present month totalled 0.9 percent, according to the Apoyo Company. This increase for November represents one-tenth of a percent increase as compared to inflation in October. According to this report, accumulated inflation for the year totals 35 percent, while annual inflation for the last 12 months is 44 percent. It is estimated that monthly inflation for November will be somewhere between 1.5 and 2 percent. (Lima Global de Television Network in Spanish 0100 GMT 16 Nov 93)

Upon presiding over the installation of the Committee for the National System of Road Maintenance, Dante Cordoba Blanco, minister of transportation, communications, housing, and construction on 15 November said his portfolio will receive a $242 million loan from the World Bank. The money will be used to repair major roads. (Lima Global de Television Network in Spanish 0100 GMT 16 Nov 93)

*** Minister on Plan To Revive Agriculture**

*94SM0076A Lima EL COMERCIO in Spanish 17 Oct 93 p F1*

[Interview with Agriculture Minister Absalon Vasquez Villanueva; place and date not given.]

[Text] Last week's announcement by Agriculture Minister Absalon Vasquez Villanueva on the possibility that the country's agricultural sector may be capable of competing in the Andean Pact market as early as 1995 gives rise to a series of questions about the specific results of the agricultural policy that the Government is currently applying. Farmers have indicated that, beyond providing a legal framework and creating Rural Savings Banks, there has not been much true progress. In order to understand the evaluation the aforementioned ministry is carrying out, EL COMERCIO spoke this week with Vasquez Villanueva. His main proposal for reactivating the country's agricultural sector? ...Create companies in rural areas to permit farmers to become businessmen capable of selling their crops directly, without intermediaries, in the domestic market. He also emphasized the need to support agriculture in the emergency zones, where, he said, rotating funds work to help farmers returning from the cities. Following is a summary of the interview:

[photo caption: Agriculture Minister Absalon Vasquez Villanueva, who believes the creation of a Commodities Exchange would be positive in allowing farmers to enter the market directly. But he said it would be possible only when his sector is consolidated.]

[EL COMERCIO] This week you received a visit from an IDB [Interamerican Development Bank] mission. Will these meetings mean any financial support for your sector?

[Absalon Vasquez] The IDB is currently evaluating the possibility of granting a credit of $120 or $150 million to the agricultural sector, approval of which could possibly take place in the first quarter of 1994. If that happens, we expect that disbursements would be made in April. In any case, this money will be dedicated to supporting the process of rural land titlement and registration that we are now carrying out. It will also serve to implement the pricing and market information service for farmers and agricultural sector investors. A National Agricultural Research System will also be created with these funds, with special support for the INIA [National Institute for Agrarian Research], and environmental management of the National Natural Resources Institute (Inrena) will be strengthened.

[EC] Your request to exempt meat and pork products from the IGV [General Sales Tax] was not approved by Minister Camet. What is your reaction?

[AV] Most of the exemptions for perishable products were approved, except for meat. With respect to meat, there is definitely a serious conflict because of the presence of commission agents in the stocking, fattening, slaughtering, and black market sale of the cattle. They are taking 36 percent over and above their profits because when they

buy it from the rancher, they borrow 18 percent from him by saying that they will pay the IGV. The farmer receives 18 percent less. Meanwhile, the commission agents fatten the cattle, take them to the slaughterhouses, pay for their slaughter, and sell the meat on the black market, charging the retailer another 18 percent. They are getting rich doing that.

[EC] How will you end this system?

[AV] These problems come up because there has been a great deal of informal activities in rural areas for more than 20 years because Agrarian Reform broke down all the formal procedures and the business sector. Everything must be reconstructed. Part of the agrarian policy is to create companies in rural areas with the farmers. Organizing themselves in a business-like manner makes the entire collection system much easier. That is why I claim that even if the 18 percent payment on meat cannot be exonerated, the IGV can be reduced to 5 percent to pull the rug out from under the commission agents and those who pay them.

[EC] How will you convert the farmers into businessmen if it is a sector that exists almost completely informally? They do not have access to credit and many lack title to the land they possess.

[AV] Progress is being made on the titles. More than 50 [word illegible] buildings have been titled. But there is a problem with the Public Records, which are too disorganized, and with the Building Registry. There are discrepancies because they want to apply the same ownership system as the one used in the shanty towns. That will create insecurity in the sector and we do not want temporary things, but rather resolution of the problems. But the program to provide titles has not been suspended, even though the Public Treasury has not allocated resources for this process.

**A New Role for the State**

[EC] How much has your sector received for this process and how much do you need for next year?

[AV] With five million soles the entire country can be completely titled by 1994. (It is said that nationwide there are 500,000 untitled properties). This year a budget of 20 million soles was allocated. But of that amount, only 200,000 was actually disbursed. Without the infrastructure it is impossible to continue.

[EC] Is titlement enough to be able to implement an entrepreneurial system in the field?

[AN] No. Farmers have become accustomed to the State being completely involved in their activities. It is well known that it accustomed them to a pattern of thinking, accustomed them to passivity and a rather destructive paternalism. The economic adjustment process and the real problems the farmers are experiencing is forcing this sector to react and gain awareness of its situation. It is redirecting the role of the State, which should now be normative and promotional.

[EC] Wouldn't creating a Commodities Exchange allow farmers access to the market through a transparent and fair pricing system?

[AV] Yes. But when agriculture is formalized more fully than under current conditions, if the Exchange is created, who will manage it? The merchants, and thus the peasants' problems will continue. The Commodities Exchange is necessary, we can even move forward with that, and it is in our plan. But we must first provide it with a legal framework and start creating it, coordinating with the agents who will participate in it. For the time being, that is not the solution. Now the Government is buying food from farmers for its emergency social program and this intervention favors them because it allows the price of their farm produce to rise.

[EC] When might the first agricultural and livestock companies be consolidated?

[AV] I think within another two years. This year agricultural and livestock GDP [Gross Domestic Product] is growing by more than 5 percent. And next year, if nothing unusual happens, we will easily grow 10 percent. But this 5 percent growth is healthy, there are no subsidies or distortions.

[EC] Nevertheless, credit continues to be denied to agriculture, why is there no progress on that end?

[AV] That is true. Two years ago commercial banks were avoiding agriculture even more; now they are more involved and I am sure there will be more credit than in previous years because confidence in this sector will slowly increase. Now the first loans are being provided through the Fundagros [Agricultural-Livestock Development Funds], and farmers are beginning to change their behavior because there is a recovery rate of 80, 85, and 95 percent of the portfolio under this mechanism.

**We Must Not Go Back to Protection**

[EC] How large are the credits?

[AV] All the funds disbursed to agriculture in 1991, 1992, and 1993 through the Fundagros will continue to revolve. In addition, they were increased by $40 million, which was the first contribution for the importation of fertilizer, and some $40 to $60 million in continually increasing assistance. With that, we are up to more than $250 million for the 1993-1994 agricultural season. These resources come from the Public Treasury and surcharges on imports, this year are yielding close to $80 million in income. But there was also support from Japan in the form of inputs and machinery. There is a line of financing from the Corporacion Andina de Fomento [Andean Development Corporation] (CAF) and from Propen, on the account of Cofide [[Financial Development Corporation].

[EC] With respect to Cofide, is it possible for that entity to assume the role of guarantor of the farmers for them to obtain credit from commercial banks?

[AV] I do not believe very much in that. The entire system needs to be reorganized, taking into consideration the

previous problems. Cofide should provide, through commercial banks, lines of financing at the account and risk of those banks. We should not return to the previous forms of protection. For the poorest sectors there are special lines such as the Rotating Funds for seeds, fertilizers, and machinery.

[EC] How are those funds currently doing, and how much money do they lend?

[AV] They are doing well. Especially in areas where there are no problems because recovery levels are as high as 95 percent. During this entire year 10 million soles have been lent. But we must reserve $15 million for 1994 and try to broaden the spectrum into the depressed areas because populations that were expelled by terrorism are now returning. These areas will be serviced with seeds, fertilizers, and machinery. In Ayacucho, for example, we can support the current harvest with $2 million that is well administered, in seeds, fertilizers, and machinery.

[EC] What is the current situation of the Rural Savings Banks? Because of administrative problems, they can no longer lend money.

[AV] The Rural Savings Banks are a way of creating companies in rural areas because they are financed by those farmers who care to lend their money. Currently, the Rural Savings Bank of Camana is operating informally but has just completed its application to the Superintendency of Banking and Insurance and I expect that before the end of the month it will be operating in accordance with the law. It would be the first. There are others involved in the intermediation of inputs but which are not lending money.

**First, an Adequate Framework**

[EC] Agroindustry is another possibility for the sector but requires high investment. What is the policy for this area?

[AV] Agroindustry, even before credit lines, requires an adequate framework to ensure investment and the authentic property of the land market. This framework has already been provided and will be incorporated into the new constitution, and then investors can become involved in agroindustry. However, in order to develop agroexports, Cofide should provide credit lines and loans through the commercial banks but at low interest. At the 15 percent interest the banks are charging,' no one can engage in agriculture. But if Cofide can identify a credit line of 6 or 7 percent, which exists in the market because the CAF can charge those interest rates and still earn 2 percent, that national entity could charge the farmer 10 percent. It is possible to develop a profitable agricultural export industry under those conditions.

[EC] Production in the livestock subsector fell significantly this year. What measures will be taken to prevent this situation from occurring again next year?

[AV] Last year's drought contributed to that, and the financial restructuring of the poultry sector caused it to decline substantially. With the refinancing of the poultry sector this situation can be reversed. But it is the market that will regulate that. There is no other way. Next year we can grow by 1.52 percent in the livestock subsector.

[EC] What resources will the Guaranty Fund provide for the agricultural sector?

[AV] This fund will be created with Cofide, which will develop a special line to support agroexport crops. It could begin with $20 million to support some private investments. We have as a medium-term goal the development of the arid lands on the coast. Our short-term goal is reactivation of the productive areas. With the inauguration of the Chavimochic project, those lands must be oriented toward agroexports because they require heavy investment and technology, and are also highly profitable.

## Venezuela

### Velasquez on Charges Against Radical Cause Leader

*PA1611234793 Caracas EL DIARIO DE CARACAS in Spanish 15 Nov 93 p 30*

[Report by Hernan Lugo Galicia]

[Text] Yesterday President Ramon J. Velasquez broke the government's silence and commented on Lieutenant Raul Alvarez Bracamonte's charges that Radical Cause Party Secretary General Pablo Medina had received the weapons stolen from Fort Tiuna in 1992. "I will not allow legal cases being processed in regular or special courts of the judicial branch to be used against any organization participating in the electoral process," Velasquez warned, indirectly referring to those who arranged Lt. Bracamonte's news conference and media coverage of that event.

The president wanted to talk to the media to deny three reports published by several domestic sources. To that effect, he prepared several statements which he later read at the Second International Book Fair in the Rental Zone of Venezuela Plaza. Velasquez denied holding a meeting with Defense Minister Radames Munoz Leon and Pablo Medina a few days ago, where he and Munoz reportedly asked Medina to surrender the arsenal, according to a report published by the daily EL NACIONAL. "That information is false. I have never held such a meeting," the president asserted without hiding his displeasure.

He explained that his duty as president of the Republic is to receive all citizens who visit Miraflores Palace. "I have received and continue to receive Deputy Pablo Medina for three reasons. I will receive any citizen who comes to Miraflores Palace if I have the time because it is one of my duties to do so. Second, Medina is a deputy of the Republic, and I maintain the best relations with the legislature and all its members, whether they are in the government or in the opposition (....) Third, Medina is the president of a political party that will participate in the 5 December elections. I receive and will continue to receive all party representatives," as has been the case with Democratic Action, National Convergence, and Movement Toward Socialism, all of which "support President Caldera;" Oswaldo Alvarez Paz of the Social Christian

Party; Nelson Ojeda Valenzuela of the People's Independent Force; Fernando Bianco of the CEM [not further identified]; and Jose Antonio Cova of the New Generation Movement.

"Regarding the stolen weapons, it is the government intelligence services' duty to try to determine the place and the people who could have done this," he said.

In his "second statement," Velasquez said: "As head of state, I guarantee absolute honesty and total impartiality in the elections and respect for the electoral results.... I will not allow legal cases being processed in regular or special courts of the Judicial Branch to be used against any organization participating in the electoral process."

Foreign Minister Carlos Delgado Chapellin met with President Velasquez at Miraflores Palace last night. The official said the government has carried out the investigations very seriously. He added that he has the evidence that Lt. Alvarez Bracamonte's statements are true because if they were not Bracamonte would not have been allowed to make such charges during an electoral period.

### Police Recover Part of Weapons Stolen From Fort Tiuna

*PA1611234993 Caracas Venezolana de Television Network in Spanish 2350 GMT 15 Nov 93*

[From "The News" newscast]

[Excerpt] [Passage omitted] The authorities have dismantled a gang of bank robbers. Among the weapons seized from the criminals were one Uzi submachine gun, bullet-proof vests, green clothing, a large number of FN FAL rifle cartridges, several 9-mm pistols, and other items that had been stolen from Fort Tiuna.

According to (Colonel Neuman Coz Briceno), chief of the Metropolitan Police Intelligence Division, the criminals are being questioned to obtain information about additional weapons that Lieutenant Alvaro Bracamonte allegedly stole from Fort Tiuna.

### Commander Chavez Denies MBR-200 Ties With Other Sectors

*PA1611155493 Caracas EL NACIONAL in Spanish 15 Nov 93 p D-1*

[Report by Luis Alonso Lugo]

[Text] Commander Hugo Chavez Frias made it very clear that the 200 Revolutionary Bolivarian Movement [MBR-200] has no agreements or alliances with any national or international sector or political party. The officer, who is under arrest in Yare jail, stated this in a letter to EL NACIONAL in reply to the charges made by Lieutenant Raul Alvarez Bracamonte.

"The MBR-200 has important differences with the Radical Cause Party, which the people have learned about through the actions and statements of both sides." According to Chavez, to deny that the MBR-200 has secret agreements with the Radical Cause Party and with various extreme left-wing groups is to preach to the choir, but "a serious movement such as ours has to reply to these treacherous attacks."

According to Chavez, Defense Minister Vice Admiral Radamez Munoz Leon threatened him a month ago with holding a news conference with Lt. Alvarez Bracamonte to intimidate and silence him. Chavez says that "when the time came the minister did not have the guts to face the media and left the lieutenant on his own, whose face is remembered in the poor Caracas neighborhoods as a symbol of resistance. Nevertheless, the Machiavellian manipulation applied by the minister is a dishonor to himself as he had tried in vain to discredit the MBR-200 military leaders," Chavez stated.

Another excerpt of the letter signed by Hugo Chavez asserts that the dominant system has tried to humiliate Alvarez Bracamonte since he was arrested "and evidence of this is that, although he was not allowed to speak to the media in the days following his arrest, now they are offering him the media on a silver platter so that he can repeat what the minister has not dared say but has fabricated offstage. Behind the minister lies the entire dominant machinery, managed by the most reactionary economic and political sectors, which have chosen him to attempt to restore balance in the system with a military hand."

Chavez points out that in addition to those "manipulations, the minister has reached the limit of his shamelessness by linking the alleged ambush of Cutuli against the National Guard with the savage raid in Yare."

### Roundup of Economic Developments 9-16 Nov

*PA1711012793*

[Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 16 November. Source is cited in parentheses following each item.

Graham R. Day, vice president of British Petroleum (BP) Venezuela, has reported that BP has spent approximately $30 billion to reactivate petroleum exploitation in the inactive Pedernales field in Amacuro State. He stated that the said petroleum field will begin producing oil in 1995. In March 1993, BP signed an operating agreement with Lagoven [one of three operating companies of Petroven in charge of exploration, producing, refining, and marketing oil], whereby it was granted a contract to develop Pedernales. Estimates indicate that by 1997 Pedernales will contribute 20,000 barrels of oil per day to national production. (Caracas EL NACIONAL in Spanish 13 Nov 93 p E-5)

According to the Central Statistics and Data Processing Office (OCEI), Venezuelan nontraditional exports totalled $2.6880 billion between January and October of 1993. This represents an increase of $476 million, 21.5 percent, with respect to nontraditional exports during the same period in 1992. (Paris AFP in Spanish 0920 GMT 13 Nov 93)

Shell of Venezuela has received Lagoven's approval to reactivate the West Urdaneta field in Maracaibo Lake as part of the second stage of the bidding process conducted by the national oil industry to begin production in inactive fields. Meanwhile, Total and Maxus Otepi Companies were chosen to make the Jusepin and Quiriquire units operational in Lagoven's eastern division. The aforementioned companies will sign 20-year operating contracts and will make disbursements close to 400 billion bolivars for the duration of said contracts. (Caracas EL NACIONAL in Spanish 14 Nov 93 p E-5)

## Guyana

### Jagan Departs for Cooperation Talks in Brazil

*FL1611210993 Bridgetown CANA in English 1637 GMT 16 Nov 93*

[Text] Georgetown, Guyana, 16 Nov, CANA—Guyana's President, Dr. Cheddi Jagan, and a number of senior ministers left here Tuesday for a two-day official visit to Guyana's southern neighbour, Brazil.

Jagan, 75, is expected to discuss a wide range of topics with his Brazilian counterpart, Itamar Franco, including health, education, mining, electricity, trade and military co-operation. Also high on the president's agenda is the completion of the 346 kilometre road linking Guyana with the northern Brazilian state of Roraima. The partly completed road is being funded by the two governments and is being built by a Brazilian construction firm.

The two South American neighbours are also to formally establish a consular co-operation group to regulate relations on the frontier shared by them. The 17-year-old Guyana/Brazil joint commission will also be reactivated during the visit, officials here say. Guyana and Brazil established diplomatic relations two years after Guyana gained independence from Britain in 1966.

President Jagan is also expected to meet Luis Octavio Pires de Albuquerque Galotti, president of Brazil's Federal Supreme Court, and Humberto Lucena, president of the Federal Senate there.

The Guyanese leader is accompanied by Foreign Affairs Minister Clement Rohee, Health Minister Gail Texeira, Amerindian Affairs Minister Vibert de Souza, junior Finance Minister Bharrat Jagdeo, Army Chief of Staff Brigadier Joe Singh and David King of the Private Sector Commission (PSC).

The foreign minister said President Jagan is also to be decorated with the Southern Cross, a Brazilian national award. The Guyanese president is scheduled to visit several Asian countries next month in a bid to attract greater foreign investment here.